DOCUMENT RESUME

ED 138 805 CE 011 126

TITLE	Veterans' Education and Employment Assistance Act of 1976; Hearings before the Subcommittee on Readjustment, Education, and Employment of the Committee on Veterans' Affairs, United States Senate, Ninety-Fourth Congress, First Session, on S. 969 and Related Bills. October 1 and 2, 1975. Part 4.
INSTITUTION	Congress of the U.S., Washington, D.C. Senate Committee on Veteran's Affairs.
PUB DATE	Oct 75
NOTE	930p.; For related documents see CE 011 123-126
EDRS PRICE	MF-$1.67 HC-$50.23 Plus Postage.
DESCRIPTORS	Adult Education; Costs; Educational Benefits; *Educational Legislation; Educational Policy; Federal Aid; *Federal Legislation; Federal Programs; Graduate Study; *Higher Education; Military Service; *Student Financial Aid; Undergraduate Study; Veterans; *Veterans Education
IDENTIFIERS	GI Bill; Veterans Education and Employment Assistance Act

ABSTRACT

The complete text of the U.S. Senate bill 969 hearings is presented in four volumes. Parts 1 and 2 cover the first day of the hearings; parts 3 and 4 cover the second day. (S. 969 would extend the maximum entitlement of educational assistance benefits for eligible Vietnam era veterans from 36 to 45 months. The bill restricts this extension to undergraduates. At issue is the removal of this restriction to extend the maximum entitlement for use in obtaining a graduate degree.) Part 4 contains materials relating to and the complete text of Amendment No. 2005 to S. 969 and communications expressing views on this amendment. Appendixes contain the following materials: (1) Excerpts from Senate Report No. 94-1243, to accompany S. 969, (2) text of amendments to S. 969, (3) excerpts from the Congressional Record, October 1, 1976, S. 969, and (4) Public Law 94-502 (October 1976). (TA)

****
* Documents acquired by ERIC include many informal unpublished *
* materials not available from other sources. ERIC makes every effort *
* to obtain the best copy available. Nevertheless, items of marginal *
* reproducibility are often encountered and this affects the quality *
* of the microfiche and hardcopy reproductions ERIC makes available *
* via the ERIC Document Reproduction Service (EDRS). EDRS is not *
* responsible for the quality of the original document. Reproductions *
* supplied by EDRS are the best that can be made from the original. *
****

ED138805

VETERANS' EDUCATION AND EMPLOYMENT ASSISTANCE ACT OF 1976

HEARINGS

BEFORE THE

SUBCOMMITTEE ON
READJUSTMENT, EDUCATION, AND EMPLOYMENT

OF THE

COMMITTEE ON VETERANS' AFFAIRS
UNITED STATES SENATE

NINETY-FOURTH CONGRESS

FIRST SESSION

ON

S. 969 and Related Bills

OCTOBER [illegible] AND 2, 1975

PART 4

Printed for the use of the Committee on Veterans' Affairs

U S DEPARTMENT OF HEALTH,
EDUCATION & WELFARE
NATIONAL INSTITUTE OF
EDUCATION
THIS DOCUMENT HAS BEEN REPRODUCED EXACTLY AS RECEIVED FROM THE PERSON OR ORGANIZATION ORIGINATING IT. POINTS OF VIEW OR OPINIONS STATED DO NOT NECESSARILY REPRESENT OFFICIAL NATIONAL INSTITUTE OF EDUCATION POSITION OR POLICY

U.S. GOVERNMENT PRINTING OFFICE
78-226 O WASHINGTON : 1976

CE 011 126

COMMITTEE ON VETERANS' AFFAIRS

VANCE HARTKE, Indiana, *Chairman*

HERMAN E. TALMADGE, Georgia
JENNINGS RANDOLPH, West Virginia
ALAN CRANSTON, California
RICHARD (DICK) STONE, Florida
JOHN A. DURKIN, New Hampshire

CLIFFORD P. HANSEN, Wyoming
STROM THURMOND, South Carolina
ROBERT T. STAFFORD, Vermont

FRANK J. BRIZZI, *Staff Director*
GUY H. MCMICHAEL III, *General Counsel*

SUBCOMMITTEE ON READJUSTMENT, EDUCATION, AND EMPLOYMENT

VANCE HARTKE, Indiana, *Chairman*

HERMAN E. TALMADGE, Georgia
ALAN CRANSTON, California
JOHN A. DURKIN, New Hampshire

ROBERT T. STAFFORD, Vermont
STROM THURMOND, South Carolina

CONTENTS

WEDNESDAY, OCTOBER 1, 1975

Page

- Opening statement of Hon. Vance Hartke, chairman of the Subcommittee on Readjustment, Education, and Employment of the Committee on Veterans' Affairs ... 1
- Bill S. 969, as referred to the Committee on Veterans' Affairs:
  - Text of ... 8
  - Introductory statement of author, Senator Vance Hartke, excerpt from the Congressional Record, Mar. 5, 1975 ... 10
  - Agency reports of:
    - Veterans' Administration (No. 8, April 16, 1975) ... 15
    - Office of Management and Budget (No. 29, August 21, 1975) ... 18
    - Veterans' Administration transmittal letters (draft bills) to the President of the Senate, with enclosures:
      - No. 90, February 26, 1976 ... 19
      - No. 96, March 3, 1976 ... 22
  - Text of Admt. No. 2005, to S. 969 (July 1, 1976) ... 2897
  - Agency reports of:
    - Veterans' Administration (No. 120, July 22, 1976) ... 2949
    - Department of Labor (No. 121, July 23, 1976) ... 2988
    - Department of Defense (No. 122, July 23, 1976) ... 2989
    - Office of Management and Budget (No. 127, August 4, 1976) ... 3000
    - Congressional Budget Office:
      - No. 126, August 4, 1976 ... 2993
      - No. 138, September 9, 1976 ... 3002
- Bill S. 817, as referred to the Committee on Veterans' Affairs:
  - Text of ... 26
  - Agency reports of:
    - Veterans' Administration (No. 3, March 27, 1975) ... 28
    - Office of Management and Budget (No. 5, April 11, 1975) ... 31
- Bill S. 836, as referred to the Committee on Veterans' Affairs:
  - Text of ... 32
  - Agency reports of:
    - Office of Management and Budget (No. 23, August 12, 1975) ... 33
    - Veterans' Administration (No. 24, August 12, 1975) ... 34
- Bill S. 1371, as referred to the Committee on Veterans' Affairs:
  - Text of ... 36
  - Agency reports of:
    - Office of Management and Budget (No. 89, February 26, 1976) ... 40
    - Veterans' Administration (No. 91, February 27, 1976) ... 41
- Bill S. 1805, as referred to the Committee on Veterans' Affairs:
  - Text of ... 43
  - Agency reports of:
    - Veterans' Administration (No. 42, September 29, 1975) ... 46
    - Office of Management and Budget (No. 44, October 6, 1975) ... 54
    - Civil Service Commission (No. 50, October 28, 1975) ... 55
- Bill S. 2100, as referred to the Committee on Veterans' Affairs:
  - Text of ... 57
  - Agency reports of:
    - Veterans' Administration (No. 41, September 29, 1975) ... 58
    - Office of Management and Budget (No. 45, October 6, 1975) ... 60
- Bill S. 2365, as referred to the Committee on Veterans' Affairs:
  - Text of ... 61
- Bill S. 2487, as referred to the Committee on Veterans' Affairs:
  - Text of ... 63
  - Agency reports of:
    - Veterans' Administration transmittal letter (draft bill) to the President of the Senate (No. 2, February 6, 1975), with enclosure ... 65
    - White House transmittal letter (proposed bill) to the President of the Senate (No. 9, May 7, 1975), with enclosure ... 68

Bill S 2789, as referred to the Committee on Veterans' Affairs: Page

Text of 71

Agency reports of:

Congressional Budget Office (No. 109A, April 29, 1976) 82
Veterans' Administration (No. 135, August 31, 1976) 85

Bill S. 2995, as referred to the Committee on Veterans' Affairs:

Text of 89

Agency reports of:

Veterans' Administration (No. 128, August 6, 1976) 90
Office of Management and Budget (No. 129, August 9, 1976) 93

Bill S. 3225, as referred to the Committee on Veterans' Affairs:

Text of 94

Agency reports of:

Veterans' Administration (No. 136, August 23, 1976) 101
Office of Management and Budget (No. 134, August 30, 1976) 107

An act, H.R. 9576, as referred to the Committee on Veterans' Affairs:

Text of 108
House of Representatives Report No. 94-487 to accompany H.R. 9576, September 18, 1975 114

Agency reports of:

Veterans' Administration (No. 79, February 11, 1976) 156
Office of Management and Budget (No. 88, February 26, 1976) 166

Statement of—

Rufus H. Wilson, Chief Benefits Director, Department of Veterans' Benefits accompanied by Andrew H. Thornton, Director of Education and Rehabilitation Service; June S. Schaeffer, Assistant Deputy Director for Policy and Projects; Clarence G. Greenland, Director of Budget Staff; James Cox, Director of Veterans Assistance Service; Gerard T. Cawley, Director of Management Appraisal Staff; William G. Malone, Assistant General Counsel; and Robert Dysland, Deputy Assistant General Counsel, Veterans' Administration 304
Donald H. Schwab, director, National Legislative Service, Veterans of Foreign Wars of the United States 1025
Robert E. Lyngh, deputy director of National Veterans Affairs and Rehabilitation Commission, The American Legion, accompanied by Edward J. Lord, assistant director of National Legislative Commission 1028
Charles Garefino, director at large, National Association of Concerned Veterans, accompanied by Timothy Craig, legislative director 1038
Charles L. Huber, national director of legislation, Disabled American Veterans 1637

THURSDAY, OCTOBER 2, 1975

Opening statement of Hon. Vance Hartke, Chairman of the Subcommittee on Readjustment, Education, and Employment of the Committee on Veterans' Affairs 1901

Statement of—

Donald G. Brotzman, Assistant Secretary of the Army, Manpower and Reserve Affairs 1902
Dr. Abel B. Sykes, Jr., president, Compton Community College, the American Association of Community and Junior Colleges 2633
Dr. John O. Eidson, vice chancellor, University System of Georgia 2651
C. A. McKinney, director of legislative affairs, Non Commissioned Officers Association of the United States of America 2662
John A. Lancaster, administrative assistant, Paralyzed Veterans of America 2668
Richard Shaffner, assistant division chief, Division of Programs to Advance Veterans Education, Bureau of Equal Opportunity, Pennsylvania Department of Education 2670
Ron Bitzer, coordinator of Swords to Plowshares, San Francisco, Calif 2703

Miscellaneous—

Communications concerning the GI bill received by Senator Robert T. Stafford, ranking minority member of the Subcommittee on Readjustment, Education, and Employment, from: Page
  Daniel J. Batchelder (September 23, 1975) 4
  Jeffrey P. Reeder, site coordinator, Johnson State College (September 25, 1975) 5
  Thomas Donnellan 5
  Bill Sarris, Class of '77 VLS (September 26, 1975) 6
  Frederick A. Partyka, Jr., with attachment (September 26, 1975) 6
Communications concerning the implementation of the provisions of the Vietnam Era Veterans' Readjustment Assistance Act of 1974 received by the Committee, from:
  Committee letter, dated May 20, 1975 167
    VA responses, dated:
      June 19, 1975 172
      September 30, 1975 184
Continuation of GI Bill Training After the Use of "Free Entitlement" (October 22, 1976) 189
Report on Veterans' Administration's On-Job Training Program (B-178741) (July 9, 1975) 207
Veterans' Administration OJT Outreach Efforts Report, with letter of transmittal, dated June 21, 1976 214
Veterans Benefits Under Current Educational Programs (Information Bulletin DVB IB 20-76-5, April 1976) 221
Communications concerning the education loan program received by the Committee, from:
  VA letter, dated January 10, 1975 308
  DVB circular 20-74-113:
    Appendix C (January 9, 1975) 309
    Change 2 (January 20, 1975) 320
    Change 4 (March 13, 1975) 321
    Change 7 (June 16, 1975) 322
  DVB circular 20-75-47 (May 8, 1975) 323
  VA regulations, vocational rehabilitation and education—transmittal sheet 431, with changes (July 21, 1975) 325
  Chapter 14—VA education loans, change 2 with sample forms (October 14, 1975) 338
  VA Education Loans for Veterans and Dependents, VA pamphlet 22-75-5 (October 1975) 349
  Robert L. Anderlie, Michigan State University, letter dated October 29, 1975 351
Communications concerning vocational courses and the 50 percent rule received by the Committee, from:
  Career-Oriented Studies: the Debate Intensifies, an article from the Chronicle of Higher Education (February 9, 1976) 358
  Public Affairs Report, by the Institute of Governmental Studies, University of California, Berkeley (February 1976) 361
  Training by Correspondence Under the GI Bill (August 10, 1976) 368
    Correspondence on the above VA study, addressed to Chairman Vance Hartke, from Linden and Deutsch, New York, N.Y. (December 3, 1976) 422
    Reply from Richard L. Roudebush, Administrator of the Veterans' Administration, to the firm of Linden and Deutsch (January 4, 1977) 431
  Occupational Graduate Employment Report, an analysis of the 50 percent employment criterion for VA approved vocational courses, prepared by the Veterans' Administration (August 1976) 435
  Results of GAO Review On the Implementation of Certain Provisions of the Vietnam Era Veterans' Readjustment Assistance Act of 1974 (September 17, 1976) 518
  Protecting the Consumers of Education, an article from the Washington Post (April 3, 1975) 540

Miscellaneous—Continued

Page
- Report on Erroneous, Misleading, or Deceptive Advertising Practices, Fiscal Year 1976 (September 29, 1976) 542
- Consumer Protection and Veterans Educational Training Programs, an excerpt from the Congressional Record (July 9, 1975) 569
- Report of Station Committee on Educational Allowances 606
- Vet Reps on Campus 614
- Task Force Report, VA Accounts Receivable Study (March 1975) (enclosure 4) 637
- Overpayments of Readjustment Benefits of the Veterans' Administration, a study by the House Appropriations Committee staff (March 5, 1976) 899
- Educational Assistance Overpayments, a Billion Dollar Problem—A Look at the Causes, Solutions, and Collection Efforts, a report to Congress by the General Accounting Office (March 19, 1976) 922
- Compilation of communications on the problems of the GI bill benefits received by the Committee:
  - William H. Hamilton, vice chairman, Task Force One, Oxnard, Calif., dated August 1, 1975 987
  - Jay Henderson, legislative director, National Student Lobby, Washington, D.C., dated October 1, 1975 988
  - Hon. Edward P. Beard, a U.S. Representative from the State of Rhode Island, dated October 8, 1975 989
  - Hon. Don H. Clausen, a U.S. Representative from the State of California, dated October 9, 1975 990
  - Paul A. Johnson, president, First Federal, Great Falls, Mont., dated October 20, 1975 991
  - Hon. George Mahon, a U.S. Representative from the State of Texas, dated October 23, 1975 993
    - Staff Sergeant Rebecca S. Hitt, USMC, dated October 16, 1975 994
  - Barbara H. Yonemura, PREP teacher, Darmstadt American School, APO New York 09175, dated October 31, 1975 995
  - Mary-Margaret O'Connell, instructor, Palomar College PREP, San Marcos, Calif., dated November 12, 1975 997
  - John F. Prince, president, Maricopa County Community College District, Phoenix, Ariz., dated December 1, 1975 999
  - Bob Jett, director, Office of Veterans Affairs, University of South Florida, Tampa, Fla., dated April 26, 1976 1001
  - Jan Raymond, veterans affairs coordinator, Grossmont College, El Cajon, Calif., dated May 20, 1976 1003
  - Vets Helping Vets, Colorado-Veterans Outreach, with attachment, dated June 4, 1976 1008
  - W. W. Washburn, executive director, University of Washington, dated June 28, 1976 1012
  - Couple takes advantage of disaster situation, an article from the Arizona Republic, dated July 31, 1975 1014
  - James L. Bemis, European project director, Big Bend Community College, Moses Lake Washington, N.Y., dated August 26, 1976 1015
  - Willie L. Lowe, Jr., Jackson Fla., dated September 4, 1976 1017
  - Kenneth E. Young, president, Council on Post-secondary Accreditation (COPA), dated October 18, 1976 1018
- National League of Cities, U.S. Conference of Mayors report, entitled:
  - Findings and Recommendations of the Special Veterans' Opportunity Committee, based on public hearings (September 13, 1973) 1043
  - Geography Controls GI Bill Opportunities (November 11, 1974) 1091
- Education Tuition Assistance Study—November 1975 (December 3, 1975) 1128
- Voucher Funding of Training: A Study of the GI Bill (October 1976) 1362

Miscellaneous—Continued

Articles from The Chronicle of Higher Education, dated April 5, 1976, entitled: Page
  Colleges Will Charge 8 Pct. More in Fall 1500
  Tuition and Fees at Over 2,000 Colleges 1502
Excerpts from the States and Higher Education, A Proud Past and a Vital Future, articles entitled:
  Commentary of the Carnegie Foundation for the Advancement of Teaching 1531
  Supplement to the above report 1540
Report on Veterans' Responses to VA Educational Assistance Programs (August 11, 1976) 1549
Data on Vietnam Era Veterans (October 15, 1976) 1589
Annual Report on Relief from Administrative Error (July 14, 1975) 1641
Communication from the Veterans' Administration in reference to their appearance before the Committee on October 1, 1975, with enclosures, dated November 26, 1975 1655
Completion Rates for Education and Training Under the Vietnam Era GI Bill (August 10, 1976) 1665
Minutes of meeting—Interagency JPV Advisory Committee (Work Group), dated:
  June 9, 1975 1696
  July 8, 1975 1699
  August 22, 1975 1704
  October 3, 1975 1707
Compilation of excerpted news articles concerning certain schools and VA benefits received by the Committee 1710
Educational Vocational Opportunities Survey (TRADOC) (July 1975) 1910
Manpower Research and Data Analysis Center (MARDAC), preliminary results (May 1975 AFEES Survey) 2018
Educational Benefits Analysis, an examination of the effects of GI bill education benefits on service accessions (HUMRRO) (November 1975) 2155
Conclusions and Implications from the Analysis of Educational Benefits (HUMRRO) (February 1976) 2307
A College President and an Army General Want to Tell You About a New Plan That Lets You Enlist in the Army and Start College at the Same Time, an advertisement from the Reader's Digest Magazine 2344
Join the People Who've Joined the Army, an Army recruiting pamphlet 2351
Excerpts from the statement of Hon. William K. Brehm, Assistant Secretary of Defense for Manpower and Reserve Affairs, before the Committee on Armed Services, dated December 13 and 14, 1973 2366
Military Pay Muddle, excerpts from a study by the Brookings Institution, Washington, D.C 2367
Value of Quality Soldiers to the Army, memorandum by the Department of the Army, with enclosures (May 27, 1975) 2375
Youth in Transition, volume V, excerpts by the Institute for Social Research, University of Michigan, Ann Arbor, Mich 2408
Promise of Paid Schooling May Be Crucial for Best All-Volunteer Military, Researchers Say, an article from the ISR Newsletter 2424
Correspondence on the implications of terminating educational benefits between Chairman Vance Hartke and Jerald G. Bachman, Ph. D., program director/research scientist, Institute for Social Research, University of Michigan:
  Committee letter, dated December 23, 1975 2426
    Institute for Social Research response, dated January 9, 1976 2427
The "Military Mind" & the All-Volunteer Force, excerpt from Soldiers, Sailors & Civilians (November 1975) 2430
"Citizen Force" or "Career Force"?, Implications for Ideology in the All-Volunteer Army, excerpts from the Armed Forces and Society, vol. 2, No. 1 (November 1975) 2441

Miscellaneous—Continued

Page
- Defense Manpower: the Keystone of National Security, excerpts from Report to the President and the Congress by the Defense Manpower Commission (April 1976) 2457
- Dialogue of an All-Volunteer Army:
  - Chapter I—The Dangers of an All-Volunteer Army 2471
  - Chapter II—Another View of an All-Volunteer Army 2476
- A Reporter at Large, articles from the New Yorker:
  - All-Volunteer—I, dated November 24, 1975 2481
  - All-Volunteer—II, dated December 1, 1975 2495
- Excerpts from Contributory Vesting as a Veterans' Educational Assistance Alternative by the Congressional Research Service (CRS) (June 23, 1976) 2507
- CRS letter to William K. Brehm, Assistant Secretary of Defense for Legislative Affairs, dated April 20, 1976 2511
  - Defense Department response, dated June 11, 1976 2513
- CRS letter to F. David Matthews, Secretary of Health, Education, and Welfare, dated April 20, 1976 2514
  - HEW response, dated June 15, 1976 2516
- Racial Composition in the All-Volunteer Force, an article from the Armed Forces and Society (November 1974) 2519
- All-Volunteer Doubts, an article from the Washington Star (April 19, 1976) 2527
- Air Force Recruits Would Shun a Fight, an article from the Washington Post (August 20, 1976) 2527
- Privacy Act "Hiding" Recruits, an article from the Army Times (May 3, 1976) 2528
- Excerpts from statement by Donald G. Brotzman, Assistant Secretary of the Army, before the Committee on Armed Services (February 5, 1976) 2529
- Excerpts from the report of Donald H. Rumsfeld, Secretary of Defense, to the Congress on the fiscal year 1977 budget and its implementations for the fiscal year 1978 authorization request and the fiscal year 1977–1981 defense programs (January 27, 1976) 2529
- Excerpts from the Manpower Hearings before the Committee on Armed Services:
  - Part 3 (February 4, 6, 16, 18, and 23, 1976) 2531
  - Part 7 (February 24, March 1, 8, 12, 19, 1976) 2563
- Problems resulting from management practices in recruiting, training, and using non-high-school graduates and category IV personnel, a report by the General Accounting Office (January 12, 1976) 2566
- Excerpt from An Assessment of All-Volunteer Force Recruits, a report to the Congress by the General Accounting Office (February 27, 1976) 2607
- Educational Benefits and the All-Volunteer Force, by Charles C. Moskos, Jr. and Morris Janowitz (spring 1976) 2624
- Letter to Hon. William A. Steiger, a U.S. Representative from the State of Wisconsin, from Robert J. Murray, Deputy Assistant Secretary of Defense, dated November 12, 1975 2630
- Communications concerning the present reporting fee received by educational institutions for certifying veterans and their dependents received by the Committee, from:
  - Hon. John V. Tunney, a U.S. Senator from the State of California, dated July 7, 1976 2638
  - Jim Remillard, director, California State University, Chico, Calif., dated August 25, 1975 2640
  - Edward R. Mendez, director, San Diego State University, San Diego, Calif., dated August 26, 1975 2642
  - Wilfred Michael, superintendent-president, Cerritos College, Norwalk, Calif., dated August 26, 1975 2643
  - Michael J. Keeton, veterans program advisor, MiraCosta College, Oceanside, Calif., dated August 27, 1975 2644
  - Hon. Alan Cranston, a U.S. Senator from the State of California, to Michael J. Keeton, dated June 4, 1976 2646
  - Michael J. Keeton, chairman, San Diego County Veterans' Task Force, San Diego, Calif., with enclosure, dated May 6, 1976 2647

Miscellaneous—Continued

Page

- Communication from James F. Nickerson, director, Servicemen's Opportunity of the American Association of State Colleges and Universities, dated May 27, 1975 2654
- A sample poll of college and community reaction to a probable end to the GI bill, by the Servicemen's Opportunity College (May 19–23, 1975) 2656
- Report on the Characteristics and Needs of Veteran-Inmates in Pennsylvania State Correctional Institutions (May 30, 1975) 2675
- Written statement of Laura M. Trexler, National Association of College Admissions Counselors, dated October 2, 1975 2706
- Gatekeepers in education, a report on institutional licensing by the National Advisory Council on Education Professions Development (April 1975) 2710
- Toward a Federal Strategy for Protection of the Consumer of Education, a report of the Subcommittee on Educational Consumer Protection, HEW (July 1975) 2741
- Is There Fraud in Education?, a viewpoint from the Change (December 1976) 2816
- Through Education to Earnings?, a book review sponsored by the National Academy of Education, 1976 2819
- U.S. Civil Service Commission letter requesting consideration to modify the publication requirement under Public Law 93–508, dated May 18, 1976 2892
- Excerpts from the Congressional Record, July 2, 1976, S. 969—Veterans' Education and Employment Assistance Act, Amendment No. 2005, introductory statement of author, Chairman Vance Hartke 2894
- Text of Amdt. No. 2005, to S. 969 (July 1, 1976) 2897
- Agency reports of:
  - Veterans' Administration (No. 120, July 23, 1976) 2949
  - Department of Labor (No. 121, July 23, 1976) 2988
  - Department of Defense (No. 122, July 23, 1976) 2989
  - Office of Management and Budget (No. 127, August 4, 1976) 3000
  - Congressional Budget Office:
    - No. 126, August 4, 1976 2993
    - No. 138, September 9, 1976 3002
- Communications expressing views on Amendment No. 2005, to S. 969, as received by the Committee, from:
  - Hon. Walter F. Mondale, a U.S. Senator from the State of Minnesota, dated July 1, 1976 3009
  - Veterans of Foreign Wars, Washington, D.C., dated July 15, 1976 3049
  - Non Commissioned Officers Association, Washington, D.C., dated July 15, 1976 3051
  - The American Legion, Washington, D.C., with resolutions, dated July 19, 1976 3056
  - Disabled American Veterans, Washington, D.C., dated July 20, 1976 3065
  - Universal Training Service, Inc., Miami, Fla., dated July 20, 1976 3072
  - Paralyzed Veterans of America, Washington, D.C., dated July 22, 1976 3076
  - Iona College, New Rochelle, N.Y., dated July 22, 1976 3082
  - San Diego Community College District, San Diego, Calif., dated July 22, 1976 3086
  - American Veterans of World War II, Korea and Vietnam, Washington, D.C., dated July 26, 1976 3087
  - Florida State University, Tallahassee, Fla., dated July 26, 1976 3092
  - The American Legion, St. Paul, Minn., dated July 27, 1976 3093
  - Department of Education, Columbia, S.C., dated July 27, 1976 3094
  - The American Legion, Washington, D.C., dated July 28, 1976 3098
  - Directorate DODDSEUR PREP Administration, New York, N.Y., dated August 4, 1976 3107
  - Barstow College, Barstow, Calif., dated August 5, 1976 3113
  - Northwestern State University of Louisiana, Natchitoches, La., dated August 5, 1976 3114

Miscellaneous—Continued

Communications expressing views on Amendment No. 2005—Con.

Page
Directorate Department of Defense Dependents Schools, New York, N.Y., dated August 5, 1976 ... 3115
Hon. Charles McC. Mathias, Jr., a U.S. Senator from the State of Maryland, dated August 6, 1976 ... 3117
Metropolitan State College, Denver, Colo., dated August 9, 1976 ... 3121
The American Legion, Washington, D.C., dated August 11, 1976 ... 3122
The American Legion, Phoenix, Ariz., dated August 11, 1976 ... 3123
Steed College, Johnson City, Tenn., dated August 11, 1976 ... 3124
California State University, Sacramento, Calif., dated August 13, 1976 ... 3126
Department of Education, Columbia, S.C., dated August 13, 1976 ... 3128
American Council on Education, Washington, D.C., dated August 16, 1976 ... 3129
St. Louis High School, Honolulu, Hawaii, dated August 16, 1976 ... 3133
Empire State College, Saratoga Springs, N.Y., dated August 16, 1976 ... 3137
Department of Education, Columbia, S.C., dated August 16, 1976 ... 3138
Tennessee State University, Nashville, Tenn., dated August 16, 1976 ... 3140
Waynesville R-VI Schools, Waynesville, Mo., dated August 18, 1976 ... 3142
American Preparatory Institute, Killeen, Tex., dated August 18, 1976 ... 3144
Georgia Veterans Association, Athens, Ga., dated August 19, 1976 ... 3146
Bryant & Stratton, Buffalo, N.Y., dated August 19, 1976 ... 3148
Rudledge College, Greenville, S.C., dated August 19, 1976 ... 3150
Association of Independent Colleges and Schools, Washington, D.C., dated August 24, 1976 ... 3152
Department of Education, Columbia, S.C., dated August 24, 1976 ... 3159
Fairfax County Public Schools, Fairfax, Va., dated August 24, 1976 ... 3161
Veterans of Foreign Wars, Washington, D.C., with resolutions, dated August 26, 1976 ... 3162
National Association of Concerned Veterans, Washington, D.C., dated September 1, 1976 ... 3181
American Veterans of World War II, Korea and Vietnam, Washington, D.C., dated September 3, 1976 ... 3187
University of Louisville Veterans' Club, Louisville, Ky., dated September 3, 1976 ... 3188
University of Kentucky, Fort Campbell, Ky., dated September 8, 1976 ... 3189
Davenport College of Business, Grand Rapids, Mich., dated September 8, 1976 ... 3191
National College of Business, Rapid City, S. Dak., dated September 14, 1976 ... 3194
Thomas Nelson Community College, Hampton, Va., dated September 15, 1976 ... 3196
Army Education Center, Kitzingen, N.Y., dated September 22, 1976 ... 3198
National Association of Institutions for Military Education Services, Torrance, Calif., dated September 30, 1976 ... 3203
National Black Veteran Organization, Inc., Washington, D.C ... 3204

Communications concerning the flight training program received by the Committee, from:

Legislative History of Flight Training Under the GI Bill, as prepared by the Congressional Research Service ... 3205
Sikorsky Aircraft, Stratford, Conn., dated June 9, 1976 ... 3213
Air Taxi & Commercial Pilots Association, Washington, D.C., dated July 16, 1976 ... 3216

Miscellaneous—Continued
  Communications concerning the flight training program—Con.
    Page
    Air Line Pilots Association, Washington, D.C., dated July 30, 1976 3218
    Aircraft Owners and Pilots Association, Washington, D.C., dated August 2, 1976 3219
    National Air Transportation Associations, Washington, D.C., dated August 2, 1976 3220
    J. Michael McKeon, Royal Oak, Mich 3222
    Gus Ritter, Woodstock, Ill., dated September 2, 1976 3223
    Silver Wings Aviation, Inc., Rapid City, S. Dak., dated September 27, 1976 3224
Table—
  Education Account Receivable 632
Resolutions of veterans' organizations:
  Veterans of Foreign Wars, with letter 1027
  The American Legion, with letters 1032
  Disabled American Veterans 1638
Questions and answers—
  Response of the Veterans' Administration, to written questions submitted by Senator Strom Thurmond, a U.S. Senator from the State of South Carolina (enclosure 5), with enclosures 868
  Response of Assistant Secretary of the Army Donald G. Brotzman, to written questions submitted by:
    Hon. Strom Thurmond, a U.S. Senator from the State of South Carolina 1906
    Hon. Robert T. Stafford, a U.S. Senator from the State of Vermont 2151

APPENDICES

Appendix A.—Excerpts from Senate Report No. 94-1243, to accompany S. 969—Veterans' Education and Employment Assistance Act of 1976 (September 16, 1976) 3227
Appendix B.—Text of amendments to S. 969 are as follows:
  No. 2318 (September 17, 1976) 3449
  No. 2333 (September 21, 1976) 3451
  No. 2334 (September 21, 1976) 3454
  No. 2335 (September 21, 1976) 3457
Appendix C.—Excerpts from the Congressional Record, October 1, 1976, S. 969—Veterans' Education and Employment Assistance Act of 1976, as passed the Senate with amendments 3461
Appendix D.—Excerpts from the Congressional Record, October 1, 1976, S. 969—Veterans' Education and Employment Assistance Act of 1976, as passed the House with amendments 3505
Appendix E.—Public Law 94-502, 94th Congress, S. 969, October 15, 1976 3531

VETERANS' EDUCATION AND EMPLOYMENT ASSISTANCE ACT OF 1976

THURSDAY, OCTOBER 2, 1975

U.S. Senate,
Subcommittee on Readjustment, Education, and
Employment of the Committee on Veterans' Affairs,
Washington, D.C.

The subcommittee met, pursuant to notice, at 10 a.m., in room 4200, Dirksen Office Building, the Honorable Vance Hartke (chairman of the Subcommittee on Readjustment, Education, and Employment, presiding.

Present: Chairman Vance Hartke, presiding: Senators Robert T. Stafford and Strom Thurmond.

Also present: Frank J. Brizzi, staff director and Guy H. McMichael III, general counsel.

[Continuation of Hearing on October 2, 1975, From Part 3]

Chairman Hartke. The next witness is the American Association of Community and Junior Colleges, Dr. Abel Sykes, Jr., president of Compton Community College.

STATEMENT OF DR. ABEL B. SYKES, JR., PRESIDENT, COMPTON COMMUNITY COLLEGE, THE AMERICAN ASSOCIATION OF COMMUNITY AND JUNIOR COLLEGES

Dr. Sykes. I am Abel Sykes, Jr., president of Compton Community College in California and the chairman of the American Association of Community and Junior Colleges' board of directors. Accompanying me today is Dr. John E. Tirrell, vice president for governmental affairs of AACJC.

In addition to having many veterans on my campus and representing a State with a large number of veterans, I had the opportunity to visit South Vietnam a few years ago during the conflict. As a result of this visit, the American Association of Community and Junior Colleges programs for servicemen and veterans, and later the Servicemen's Opportunity College, were developed. The Servicemen's Opportunity College has since grown to include other institutions of higher education and with Carnegie Corporation and Department of Defense funding there are now 159 community colleges and 176 4-year colleges participating.

My statement on veterans educational benefits is being submitted on behalf of the American Association of Community and Junior Colleges (AACJC) and its member institutions. Some 60 percent of veterans attending institutions of higher education are enrolled in community and junior colleges. AACJC institutions are very appreciative of the actions this subcommittee has taken over the years to provide educational assistance for American veterans.

Briefly, for the record, we would like to offer for your consideration the views of our member institutions on the extension of benefits to 45 months, the costs of administering the program, the PREP program, and the very existence of the GI bill itself.

As you are aware, the House Veterans Committee voted out a bill that included the extension of educational assistance benefits from 36 to 45 months without restriction as to whether undergraduate or graduate education could be pursued. We support that provision for a number of reasons, most of which are apparent. The educational requirements needed to compete for many jobs in today's job market have been increased beyond the undergraduate level. A great many more people are pursuing their studies on a part-time basis, thus increasing the time needed to complete their programs.

There should be no discrimination between graduate and undergraduate degrees, nor should there be a requirement that the veteran be enrolled in an institution at the time he or she requests the extension. We urge that this provision be reported favorably out of this committee as soon as possible to remove this restriction.

Second, since there will be thousands of veterans for the next 10 years, and Veterans' Administration figures indicate currently over 600,000 as enrolled in community colleges, we have a concern for the administrative costs for processing a veteran.

Community colleges are reimbursed \$3 per veteran for these costs, with an additional dollar paid for each veteran the institution certifies for advance payment. While at one time the reimbursement may have been sufficient, the more detailed reports required and tightening of accountability now make that figure seriously deficient.

The requirement to recertify each veteran for each school year rather than for the 2-year enrollment period has also increased the workload on the staffs of veterans affairs offices in community colleges. Recent directives from the Veterans' Administration concerning cooperative education restrictions, work-study limitations and audit requirements have also increased the workload significantly. Some of our California community colleges have a shortage of adequate help which has made it increasingly difficult for them to process the paperwork necessary for the veteran-student to receive subsistence payments on time.

The \$3 per veteran reimbursement to educational institutions for administrative costs does not begin to approach the actual costs. In an AACJC spot check of 13 community colleges enrolling more than 28,000 veterans, the average cost of administration was about \$10 per veteran. This is an average loss of more than \$6 to the college for each veteran. The average cost per veteran at the colleges contacted ranged from \$4.10 to \$13.33, depending on services offered, salaries, and the inclusion of supplies in cost figures. Among 16 other community colleges responding to our inquiry about the costs of administration for veterans, only one thought that the \$3 actually covered the costs of administration (see example in appendix I).

There is a need to increase the reimbursement figure. While community colleges are willing to support some administrative costs for the veteran, the loss now incurred by the colleges is more substantial than it was a few years ago, and we believe the $3 reimbursement figure is no longer reasonable.

A reimbursement figure of $6 per veteran, and an additional dollar, or $7, for advance payment, would more adequately enable the colleges to register a veteran without great financial loss. Thus, we urge the subcommittee to act to increase the reimbursement to educational institutions for processing veterans.

Third, we oppose the elimination of the predischarge education program, or PREP. PREP has allowed military personnel preparing to leave the service to bring themselves up to a high school level proficiency, and has offered a second chance for many undereducated servicemen.

Our most serious objection to the House bill, however, is the termination of the GI bill for persons entering the armed services after December 31, 1975. As no one entering the military service on or after January 1, 1976, would be eligible for receipt of educational assistance, the GI bill would be effectively ended.

Our member institutions support the continuation of educational benefits for young men and women volunteering for military service. Our concerns for the GI bill are best stated in chapter 34, education benefits, subchapter I, which outlines the purpose of the law.

This subchapter gives four reasons why "The Congress declares" that the bill is necessary. One is readjustment and lost opportunities. Another is "enhancing and making more attractive service in the Armed Forces," and another is "extending the benefits of a higher education to qualified and deserving young persons who might otherwise not be able to afford such an education."

We think those of us who support continuation should stress our belief that the GI bill continues to be a way in which a great many young people, including many from lower income and minority families, may have a chance they otherwise would not have for further education.

As a case in point, the only Puerto Rican president of a college in the United States, in testimony before the House Subcommittee on Postsecondary Education, just 3 weeks ago noted that it was through the veterans benefits that he was able to pursue his own education. Cases of other minority and low-income persons who have advanced their education, careers, and I might add, public service, are in abundance. I might add also that I managed my education through the same route.

The characteristics of veterans using the GI bill differ significantly from those of the general student population. According to a special analysis in the 1971 American Council on Education (ACE) survey of first-time, full-time students, titled "The Vietnam Era Veteran Enters College" (ACE, Office of Research, 1972) veterans tend to have poorer high school academic records than male nonveterans, and lower educational aspirations upon entrance to college.

Veterans express less concern about financing their education than their freshmen peers, indicating the importance of their GI benefits. Veterans also plan business or technical majors and careers more than other male freshmen, and are less likely to be planning professional careers. Veterans' institutional decisions are more likely to be based on proximity to home, or special educational programs, and less on institutional reputation than other male freshmen.

The factors in choosing an institution are quite different for a 17-year-old high school graduate than for a veteran in his mid-20's who is more likely to have a family and/or financial responsibilities, less mobility, and a desire to acquire a marketable skill in the shortest time possible. Furthermore, our colleges have made special efforts to accommodate veterans and their special needs, are more likely to accept veterans upon discharge at any time of year, and do not require applications far in advance.

In addition to the broad social objectives discussed above, the role which the GI bill continues to play in the maintenance of our military establishment's strength should be considered.

The armed services have wanted the GI bill as a recruitment device, especially for higher ability people, and feel they would lose a large number of these people without the GI bill educational benefits. A survey conducted by the Army Testing Service last September revealed that one of every four individuals tested indicated he would not have enlisted had it not been for the availability of GI educational benefits.

When these servicemen were asked to list their three most important reasons for joining the service, 50 percent listed postservice educational benefits. The Department of Defense in national advertising has used the GI bill as a recruiting tool and recently stated educational benefits are important to recruiting. The GI bill is also used for education and upgrading within the Armed Forces, because military personnel may use the benefits after 180 days of service.

Moreover, it has been shown that for every dollar spent on the GI bill at least $3 have returned to the Government in the form of higher taxes paid by those with more education. Veterans educational assistance benefits continue to be a source of opportunity, of upgrading our labor force, and a measure of reward for those who have served their country and in addition has given back to the country over three times what it has cost.

It is difficult to understand why at this point in our history, when the GI bill has proven itself and continues to receive plaudits, that this classic model for the extension of education within a democratic tradition should be terminated. It is of utmost concern to us that this benefit, which has been tried and found true, should continue.

We thank the subcommittee for the opportunity to appear, for its attention, and consideration of our views.

I will be pleased to attempt to answer any questions you might have.

Chairman HARTKE. I want to thank you for a fine statement.

Senator Stafford?

Senator STAFFORD. I don't have any questions. I do think the testimony will be helpful to the subcommittee.

Chairman HARTKE. Yes. The question of reimbursement is a matter we'll go into in depth. We appreciate your information on PREP and the statement on the GI bill.

It's a very comprehensive statement and we appreciate it.

Dr. SYKES. Thank you, sir.

[The appendix of Dr. Sykes' statement follows:]

APPENDIX I—TYPICAL COSTS FOR ADMINISTERING VETERANS' BENEFITS

Estimated college costs for handling veterans certification at Community College of Allegheny County, Pittsburgh, Pa.

Personnel and percentage of salary	*Amount*
Certification clerk, 100 percent	$7,589.00
Secretary, 40 percent	2,654.40
Veterans' Affairs office:	
Allegheny, 30 percent	2,794.50
Boyce, 20 percent	1,620.00
South, 20 percent	1,620.00
Veterans' Affairs director, 30 percent	4,950.00
Part-time employee	1,200.00
Subtotal	22,427.90
Postage (yearly)	1,000.00
Paper/envelopes (yearly)	200.00
Total	23,627.90
Received from Veterans' Administration (approximate)	8,000.00
Cost to college	15,627.90

The estimated costs above are conservative in that they represent only the expenses which are directly related to veterans certification.

Number of veterans enrolled at college, 2,800. Cost per veteran for administration, $8.44.

[Subsequently, the following material concerning VA reimbursement fees was ordered placed in the record at this point:]

WARREN G. MAGNUSON, WASH., CHAIRMAN
JOHN O. PASTORE, R.I.
VANCE HARTKE, IND.
PHILIP A. HART, MICH.
HOWARD W. CANNON, NEV.
RUSSELL B. LONG, LA.
FRANK E. MOSS, UTAH
ERNEST F. HOLLINGS, S.C.
DANIEL K. INOUYE, HAWAII
JOHN V. TUNNEY, CALIF.
ADLAI E. STEVENSON, ILL.
WENDELL H. FORD, KY.
JAMES B. PEARSON, KANS.
ROBERT P. GRIFFIN, MICH.
TED STEVENS, ALASKA
J. GLENN BEALL, JR., MD.
LOWELL P. WEICKER, JR., CONN.
JAMES L. BUCKLEY, N.Y.
FREDERICK J. LORDAN, STAFF DIRECTOR
MICHAEL PERTSCHUK, CHIEF COUNSEL
ARTHUR PANKOPF, JR., MINORITY COUNSEL

United States Senate
COMMITTEE ON COMMERCE
WASHINGTON, D.C. 20510

July 7, 1976

The Honorable Vance Hartke
Senate Veteran's Affairs Committee
Suite 414
Russell Senate Office Building
Washington, D.C.

Dear Vance:

A problem has recently been brought to my attention regarding the reimbursement of educational institutions for the certification of veterans. A survey of the ten public colleges and universities in the San Diego area, initiated by the San Diego County Veterans Task Force, was completed the first of this year. The statistics provided indicate that the cost of the certification process far exceeds the fees which these institutions receive from the Veterans Administration. This problem, as I am sure you realize, is not indigenous to the San Diego area alone. A GAO report completed in March 1976 suggests that in light of rising school operating costs, throughout the U.S., the V.A. should reevaluate the current $3 reporting fee.

It is my understanding that within the educational amendments to this years G.I. Bill, there is a provision that will increase the amount of compensation schools receive for administrative activity and the preparation of required reports. While the present fee per student is $3, the Veterans Task Force study indicates that the average cost for processing is $25.19. It is quite evident from these statistics that there is a substantial discrepancy between the cost of certifying veterans and the amount the institutions are reimbursed for the process.

I believe that the recommendations made by the GAO support the Veterans Task Force contention that many schools are in need of additional funds. I am, therefore, in full support of a provision to increase reporting fees. In light of the present costs, I feel that a $7 to $12 increase would be most reasonable. I would hope that the Committee will give this matter its immediate attention and full consideration when the future reporting fee rate is determined.

Sincerely,

JOHN V. TUNNEY
United States Senator

JVT/std

California State University, Chico
Chico, California 95926

Veterans Affairs

VETERANS' AFFAIRS COMM.
RECEIVED
SEP 02 1975
WASHINGTON, D. C. 20510

August 25, 1975

Senator Vance Hartke, Chairman
Committee on Veterans' Affairs
United States Senate
Washington, D.C. 20510

Dear Senator Hartke:

I am referring to your letter to Mr. Ed Mendez, Director, Office of Veterans Affairs, at CSU, San Diego in which you discussed your awareness of the need to change the current reporting fee received by educational institutions for certifying veterans and their dependents.

I have no specific data on what it takes materially to certify a veteran student for the G.I. Bill, but have been aware that individual schools have acknowledged that it takes roughly $10 to $25 per person for certification. This would include staff salaries, computer programs, logistics support, supplies and materials, telephone utilization, and the like.

I personally feel that these figures are somewhat out of line, but that there is no question that the $3 and $4 that institutions presently receive is not adequate to meet the existing requirements. Daily it seems, the Veterans Administration adds new demands on the institutions for providing additional information and services relative to certification. All of these demands make it unusually difficult for us to operate within the parameters defined by the Veterans Administration and the Bureau of School Approvals.

I therefore strongly urge that you and your colleagues address yourselves to the issue of the reporting fee and suggest that it should be somewhat in the neighborhood of $10 per veteran student per certification. Our experience at CSU, Chico, indicates that with a veteran population of approximately 1,500 persons, generates roughly $5,000 from the Veterans Administration to certify these students. As a result, we must employ one person on a full time basis to meet only the basic requirements as defined by the V.A. This means roughly $10,000 a year, and as you can see the $5,000 which we receive from the Veterans Administration only covers one half of the individual persons salary, not counting any other expenses associated with this process.

Anything that can be done to upgrade this system will certainly be appreciated. We appreciate your continued efforts on behalf of veteran students.

Sincerely,

Jim Remillard
Director

cc: Veteran Program Administrators of California Representatives

SAN DIEGO STATE UNIVERSITY
SAN DIEGO, CALIFORNIA 92115

Veterans Affairs Office

August 26, 1975

VETERANS AFFAIRS COMM.
RECEIVED
SEP 04 1975
WASHINGTON, D.C. 20510

Senator Vance Hartke
Chairman
U.S. Senate Committee on
Veterans Affairs
Washington D.C. 20510

Dear Chairman Hartke

Your response to my letter, regarding the Veterans Administration reporting fee to educational institutions for processing VA forms for veterans, was most heartening. It is reasuring to know that your committee is also concerned with the inadequacy of the current fee.

I do plan to submit material in support of my contention; however, I think it necessary first to have an understanding of how the original and current fees were computed. With this understanding and/or formula my calculation, for processing all forms necessary to insure prompt payment of G.I. Bill benefits to student veterans, will be much more accurate.

Many other institutions in California want to submit material to the committee; if we all work from the same formula, I believe the information will be more valid than if each institution computed its own cost analysis from its own formula.

I trust my request is clear, should you require additional information please do not hesitate to contact me.

Wishing you continued success with veterans legislation
I remain,

Sincerely

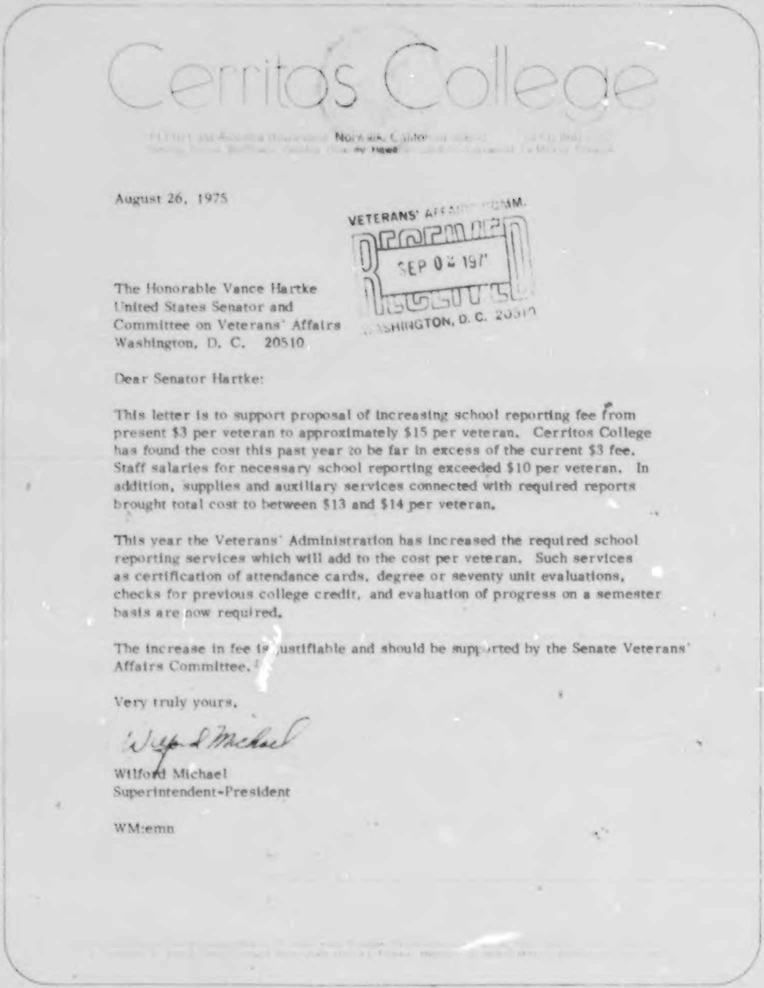
Edward R Mendez

Edward R. Mendez
Director
Veterans Affairs Office

EM:jb

cc: Michael Keeton
Chairman, San Diego County
Veterans Task Force

THE CALIFORNIA STATE UNIVERSITY AND COLLEGES



Cerritos College

Norwalk, California

August 26, 1975

VETERANS' AFFAIRS COMM.
RECEIVED
SEP 02 1975
WASHINGTON, D. C. 20510

The Honorable Vance Hartke
United States Senator and
Committee on Veterans' Affairs
Washington, D. C. 20510

Dear Senator Hartke:

This letter is to support proposal of increasing school reporting fee from present $3 per veteran to approximately $15 per veteran. Cerritos College has found the cost this past year to be far in excess of the current $3 fee. Staff salaries for necessary school reporting exceeded $10 per veteran. In addition, supplies and auxiliary services connected with required reports brought total cost to between $13 and $14 per veteran.

This year the Veterans' Administration has increased the required school reporting services which will add to the cost per veteran. Such services as certification of attendance cards, degree or seventy unit evaluations, checks for previous college credit, and evaluation of progress on a semester basis are now required.

The increase in fee is justifiable and should be supported by the Senate Veterans' Affairs Committee.

Very truly yours,

Wilford Michael

Wilford Michael
Superintendent-President

WM:emn

MiraCosta College
OCEANSIDE – CARLSBAD COMMUNITY COLLEGE DISTRICT
Barnard Drive, Oceanside, Calif. 92054, Tel (714) 757-2121

August 27, 1975

The Honorable Vance Hartke
Chairman of the Committee on Veterans' Affairs
The United States Senate
Senate Office Building
Washington, D.C.

My dear Senator:

Veterans and eligible dependents comprise more than one third of the total student population at MiraCosta College. They carry a "B" average in their academic work and represented 36 percent of the 1975 graduating class.

While we recognize the contributions of the Veterans to our educational community, we are greatly concerned with the rising costs to the institution for certification and record keeping required by the Veterans Administration in order for these students to receive education benefits under Title 38.

We are grateful to hear that the Senate Committee on Veterans' Affairs will open hearings soon on the Veterans Administration reporting fee and hope that the following information will be of assistance to the Committee.

Under the provisions of 38 US Code, the Veterans Administration allows a reporting fee of $3 for each veteran enrolled as of October of each year -- $4 if that person was processed for advance payment -- to be paid to institutions certifying eligible students enrolled under Chapters 34 and 35.

Increases in enrollment, added certification responsibilities, such as advance pay, end-of-term certification, and satisfactory progress determination and increased costs for personnel and equipment have caused the cost of reporting to the Veterans Administration to greatly exceed the reporting fee originally authorized by Congress.

While our veteran enrollment has tripled in the past two years, due to the success of the Veterans' Cost of Instruction (VCOI) Program, our certification staff has increased by only 50 percent from one to one and one half full-time staff. Increasing record keeping and reporting responsibilities imposed by the Veterans Administration and increasing veteran enrollment without corresponding increases in the VA reporting fee, may soon make certification and reporting of veteran status difficult. The result will be late and improper pay for the veteran.

A recent analysis of the required certification and record keeping procedures at our campus, shows the cost of this work to be $13.01 per veteran per year.

We hope your committee will favorably consider increasing the Veterans Administration reporting fee.

Respectfully yours,

Michael J. Keeton
Veterans Program Advisor
MiraCosta College

MJK:mjo

VANCE HARTKE, IND., CHAIRMAN
HERMAN E. TALMADGE, GA.
JENNINGS RANDOLPH, W. VA.
ALAN CRANSTON, CALIF.
RICHARD (DICK) STONE, FLA.
JOHN A. DURKIN, N.H.
CLIFFORD P. HANSEN, WYO.
STROM THURMOND, S.C.
ROBERT T. STAFFORD, VT.
FRANK J. BRIZZI, STAFF DIRECTOR
GUY H. MC MICHAEL III, GENERAL COUNSEL

United States Senate
COMMITTEE ON VETERANS' AFFAIRS
WASHINGTON, D.C. 20510

June 4, 1976

Mr. Michael J. Keeton
Office of Veterans Affairs
Mira Costa College
One Barnard Drive
Oceanside, California 92054

Dear Mr. Keeton,

Thank you very much for your letter of May 6 and for sending me a summary of the study on the costs of certification for veteran-students.

It is most helpful for me to have this information. It is expected that legislation to increase the reimbursement fee will be considered later this summer by the Committee on Veterans' Affairs as a part of a 1976 G.I. Bill education amendments package. You may be sure that I will have your correspondence in mind at that time. Moreover, I have sent a copy of this letter and your letter and enclosure to Senator Hartke who is Chairman not only of the full Committee but of the Subcommittee on Readjustment, Education, and Employment.

With best wishes,

Sincerely,

Alan Cranston

Alan Cranston

cc: Honorable Vance Hartke
Guy McMichael

DIEGO
COUNTY
VETERANS
TASK FORCE

May 6, 1976

Alan Cranston
Senator
815 E. Street
San Diego, CA 92101

Dear Senator Cranston:

Since the inception of the present GI Bill in 1966, the Veterans Administration has reimbursed colleges for the paperwork associated with the certification process by which schools provide the information to the Veterans Administration that that agency needs to pay students their educational assistance allowances. The three dollar figure that was originally settled on was, to the best of the ability of those within the educational community to check, chosen arbitrarily.

Several years ago, when the VA began providing advance payment checks to schools to distribute to veterans whose certification was submitted sufficiently far in advance of the semester in question to permit the preparation of such checks, the VA began paying a four dollar fee for each student so certified. At present, the majority of veterans are not certified for advance payment checks. Therefore, the rate at which schools are reimbursed is closer to the three dollar level.

Furthermore, each year there have been increased demands placed upon the schools to counsel veterans, monitor their progress, and make the required reports to the VA. These demands have not only made more complicated the certification process, but have also necessitated schools hiring new counselors and academic evaluators. Therefore, adding to the obviously very high rate of inflation in the cost of administrative service over the past eight years, the VA has made even more costly the burden imposed on schools to assist their veteran students to receive their payments. At the moment, there is some indication that the advance payment program may end. The cost to the schools, however, would be only minimally affected, since little of the certification cost is associated with that program.

In an effort to ascertain the true cost of providing these services, the San Diego County Veterans' Task Force commissioned the enclosed study by the Office of Planning and Evaluation of the San Diego Community College District. The team surveyed each of the ten public colleges and universities in San Diego

MIKE KEETON
Chairman
MiraCosta College
JOHN DIBBLE
Grossmont College

PENNY BERGER
Univ. of Calif.
at San Diego
SYLVESTER LYON
Community College
District

GEORGE WESTON
Southwestern College

ANGELO CARLI
Palomar College

ED MENDEZ
San Diego State
University

County to determine how much certification and related activities actually cost the schools.

As you can see from the figures enclosed, the cost is $25.19, considerably above the three to four dollar amount schools receive.

We hope that once you have seen this documentation you will consider asking your colleagues to assist us by raising the amount schools are to be reimbursed to a more realistic level.

Sincerely,

Michael J. Keeton
Chairman
San Diego County Veterans'
Task Force

MJK:mjo

Enclosure: Summary of the Survey

The Veterans Administration currently reimburses the San Diego County public colleges and universities to allay the cost of certification paper work at a rate of $3.00 for veteran certification and $4.00 for advance payment certification. This research project establishes the true cost for certifying San Diego County Veterans.

We surveyed the ten (10) San Diego county public institutions (viz, Grossmont College; Mira Costa College; Palomar College; San Diego City College; San Diego Evening College; San Diego Mesa College; San Diego Miramar College; San Diego State University; Southwestern College; University of California, San Diego). Employees directly involved with the certification process at these institutions included both counselors and the secretarial-clerical staff.

The Federal Government provided factors to be used in the computation of indirect costs (i.e. benefits and overhead) for employees involved in veteran certification. The median factor used in San Diego County was 39% of the salary of the employee. The indirect costs coupled with the direct costs (i.e. salary) gives the total compensation and overhead for employees.

During the 1975 calendar year, seventy-one (71) employees worked a total of 2605 hours per week of which 1664.5 hours were spent on veteran certification. Veteran certification therefore accounted for 64% of the employees time. Yearly compensation and overhead costs was $686,710.62. During 1975 the ten (10) San Diego County public colleges and universities certified 27,258 veterans and their dependents. The costs for certification of veterans averaged $25.19 per capita. The lowest rate at which a veteran was certified was $15.50. $45.58 was the highest rate for certification in the county.

The chart (see addendum) gives a breakdown by college and university. All figures are from the 1975 calendar year.

SCHOOL	Number of employees involved in certification process.	Hours worked per week	Hours worked per week on veteran certification	% of time spent on certification	Yearly compensation overhead costs	Number Veterans & Dependents Certified	Addendum Per Capita Cost to Certify
Grossmont College	7	270	242	90%	104,673.00	4797	$21.82
Mira Costa College	11	300	170.5	57%	78,254.00	1717	$45.58
Palomar College	10	400	193	48%	84,629.00	3585	$23.60
San Diego City College	9	360	207	58%	70,661.06	9600 *	$31.10
San Diego Evening College	10	390	277	71%	125,048.85	See San Diego City College	$31.10
San Diego Mesa College	9	360	210	58%	61,884.56	See San Diego City College	$31.10
San Diego Miramar College	5	195	102	52%	40,987.15	See San Diego City College	$31.10
San Diego State University	5	120	120	100%	60,888.00	3723	$16.35
Southwestern College	3	130	115	88%	52,759.00	3402	$15.50
University of California S.D.	2	80	28	35%	6,926.00	434	$15.96
TOTAL	71	2605	1,664.5	64%	686,710.62	27,258	$25.19

* Includes entire San Diego Community College District Figures (i.e., San Diego City College, San Diego Evening College, San Diego Mesa College, San Diego Miramar College)

Chairman HARTKE. The next witness is John O. Eidson, vice chancellor of the University System of Georgia representing the American Association of State Colleges and Universities.

STATEMENT OF DR. JOHN O. EIDSON, VICE CHANCELLOR, UNIVERSITY SYSTEM OF GEORGIA

Dr. EIDSON. I am John O. Eidson, vice chancellor, University System of Georgia, speaking on behalf of the American Association of State Colleges and Universities (AASCU). These colleges enroll about one-fourth of all American college students, including a large proportion of the veterans now attending institutions of higher education.

Our organization has already gone on record as supporting the continuation of the GI bill for members of the armed services. We do not agree with the decision of the House Committee on Veterans' Affairs to terminate these benefits for those entering the service after December 31, 1975.

There are a number of reasons for our feeling. One is that the GI bill has always been seen by Congress as serving at least four different purposes, as defined in section 1651 of chapter 34 of the United States Code, which sets out the purpose of this program.

Here is the wording of section 1651:

> The Congress of the United States hereby declares that the education program created by this chapter is for the purpose of (1) enhancing and making more attractive service in the Armed Forces of the United States, (2) extending the benefits of a higher education to qualified and deserving young persons who might not otherwise be able to afford such an education, (3) providing vocational readjustment and restoring lost educational opportunities to those service men and women whose careers have been interrupted or impeded by reason of active duty after January 31, 1955, and (4) aiding such persons in attaining the vocational and educational status which they might normally have aspired to and obtained had they not served their country.

Several things should be noted about these four points. The first is that the GI bill is seen by Congress as serving several different national purposes. One purpose is to provide readjustment benefits to those whose careers have been interrupted by service since January 31, 1955. This is the traditional readjustment benefit.

However, Congress also gave importance to the purpose of making services in the Armed Forces of the United States attractive, and to extending the benefits of a higher education to qualified and deserving young persons who might not otherwise have that opportunity.

On the first point, there is every reason to believe that the GI bill helps to attract a great many people to the services, especially people with ability and potential. There have been serious questions of whether the volunteer armed services, especially in times of prosperity, will become made up heavily of people of relatively low ability as well as low income.

To attract high-quality people for the modern armed services, in the judgment of many people, requires extensive educational and training opportunity—which the GI bill now provides both for those in service and those who leave. This, we think, has to do with the quality of persons involved.

Several Defense Department studies indicate that GI bill and education benefits are seen by a great many volunteers as a major reason for joining the military.

The point about extending educational opportunity to many who otherwise would not have it is self-explanatory. Millions of Americans have benefited from the GI bill programs since World War II.

A great many were from lower-income or working-class backgrounds, and otherwise would not have had this chance. Many leaders in every walk of American life have benefited from the GI bill and in turn, had the chance to benefit America. Further, through increased earnings and higher taxes they have paid back the original GI bill costs several times over. I note this has not been mentioned previously.

Chairman HARTKE. As aware as I am of it, do you know that there has been no mention of it in these hearings until you testified just now. So I compliment you for that.

Dr. EIDSON. There is one further point in section 1651 which is worth noting. Some who would end the GI bill have said that it is a wartime program. However, the extension of benefits to those in service after January 31, 1955, often called the cold war GI bill, is a clear recognition by Congress that the bill is not wartime alone and also that the country is in a more or less permanent cold war state which one Communist leader once called no peace, no war. Military duty in today's uncertain times must always mean the risks associated with a crisis such as the *Mayaguez* and *Pueblo* incidents, the Cuban missile crisis, the Berlin airlift, and other crisis which may not be technically war but are not exactly peace, either.

It is our understanding that some who want to end the GI bill believe that the Defense Department will somehow provide comparable benefits. But no plan has been put forth which would provide benefits even faintly comparable to the GI provision of at least 36 months of full-time education with a payment of $270 a month, plus a dependency allowance.

A great many men who leave the service will still need additional skills and training. Many will be married and have families, like many Vietnam veterans, and will not be in a position to attend college on a full-time or even a part-time basis, without GI help. Many will leave after their first or second term of duty, and many still will be untrained for civilian life, without this additional assistance.

I would like to emphasize here the matter of us helping not only our military and defense. I think it helps to raise the quality there, having more education, a bigger percentage of the educated, but it also benefits society.

It sees to it that someone who might not be able to get an education then could do so, and society, over and above the matter of its connection to the military, would be helped.

I think that that shows up in many ways in the 317 colleges and universities that are in our association, the American Association of State Colleges and Universities.

For these and many other reasons, it is our belief in the American Association of State Colleges and Universities that the Congress should not terminate one of the most successful and important programs in American history.

I really think that very few programs have proven more valuable than this one, and we hope that this program will be continued.

I appreciate the opportunity to testify in this regard.

Chairman **Hartke**. Thank you, Dr. Eidson. I also want to point out that Senator Talmadge who is an extremely valuable member of this Committee had other appointments this morning and could not be here. We will certainly call the testimony to his attention.

Senator **Stafford**. I have no questions, Mr. Chairman.

Chairman **Hartke**. Without objection, I order the following communication placed in the hearing record.

33

[Subsequently, the following material from the Servicemen's Opportunity College of the American Association of State Colleges and Universities was submitted for the record:]

American Association of State Colleges and Universities   One Dupont Circle/Suite 700/Washington, D.C. 20036 (202) 293-7070

May 27, 1975

From: Jim Nickerson, Director, SOC
Re: More Comment re the Impact of an End to the G.I. Bill

There are substantial data in reports of the VA, HEW, National Alliance of Businessmen, National League of Cities, US Conference of Mayors, among others, showing various G.I. Bill impact factors. Data such as total payments to veterans by state, average per capita payment (also by state), use-rate of the G.I. Bill among eligible veterans, are readily available. Other studies reveal sharp inequities in the ability of mid-western and eastern veterans to avail themselves of the Bill because of a larger gap between the total cost of subsistence and schooling in these areas and the G.I. entitlement. For example, a vet attending San Francisco State University has to spend only 19% of his yearly G.I. Bill benefits for education costs, while the vet at SUNY College at Buffalo, a comparable institution, must spend 56% of his benefits. This is reflected in participation rates of 41.4% by California veterans in contrast to 23.2% in New York in 1974.

The dollar impact of the G.I. Bill on a local economy is substantial. For example, from FY 1968 through FY 1974 the VA paid G.I. Bill benefits to California in excess of 1.7 billion. In FY 1974 alone nearly $457 million went to California vets. If one applies a "multiplier factor" similar to that used for the tourist dollar (approximately 2.5), the impact upon California's economy would approach $1.2 billion. (2.5 x $457 million) At a recent conference a representative of San Diego County estimated monthly G.I. Bill payments to vets within the county to be approximately $14 million per month or nearly $170 million per year. This would have a $425 million impact on the county's economy in a single year.

Not reported in the phone poll of student aid officers conducted by the SOC office the week of May 19-23 is an estimate of impact on total veteran enrollments in 2-year and 4-year colleges. In 1974 approximately 1.8 million veterans were enrolled in 2-year and 4-year institutions or 19% of the 9.98 million in these institutions. If as reported by our phone respondents, 80-90% would not be in school were it not for the G.I. Bill, enrollments would be decreased by approximately 1.5 million. This would seriously affect the programs most used by veterans, for staffing and support depends heavily upon enrollments in particular programs.

The dollar impact on institutions is more difficult to assess. Since budgets are based heavily upon anticipated number of students served, authorized expenditures will reflect the anticipated enrollment reductions. For example, a loss of 100 student veterans in a 2-year college (average tuition is $287) would be reflected in a tuition loss of approximately $28,700. However, tuition in 2-year public colleges represents only about one fifth of the cost to the state for the student's year of schooling. Thus, the total expenditure authorization would be reduced approximately $150,000. (5 x $28,700)

These data are merely suggestive of the impact of an end to the G.I. Bill upon veterans, institutions, and communities, to say nothing of related social consequences pertaining to an all-volunteer military service and loss of access to education for a substantial group of men and women.

I hope these data and the two attached reports will be of interest and assistance to your office.

Sincerely,

James Nickerson

James F. Nickerson
Director, SOC

A sample poll of college and community reaction to a probable end to the G. I. Bill.

by

The Servicemen's Opportunity College
AASCU AACJC
One Dupont Circle
Washington, D.C. 20036

Report of a phone poll of veterans' program administrators on 17 campuses, May 19 - 23.

The proclamation by President Ford and his request of the Congress to take action to end the G. I. Bill on June 30 poses substantial problems of adjustment for the military services, educational institutions, future veterans and the communities and states where they live and attend school.

With the decision of the Congress two years ago to abolish the draft and rely on voluntary enlistment, the military services took steps to make the services more attractive. Educational opportunity has become a leading inducement for a majority of recruits. However, the major share of educational entitlement and support has come more from the G. I. Bill than from educational assistance received while in service. Cooperative programs between institutions and the services such as the Servicemen's Opportunity College and Project AHEAD of the Army which seek to enhance program planning and orderly study opportunities among institutions will find with the loss of the G.I. Bill increasing difficulty in encouraging institutions to adjust their procedures.

Institutions can expect the proportion of veterans in school to shrink dramatically, perhaps from an average of 18 percent to possibly 2 - 3 percent of their total enrollments. This translates into a sharply reduced dollar flow through the veteran to institutions and communities and will have significant economic impact upon college and city budgets, and local business and industry.

With no intent to argue the wisdom of a public policy decision of this magnitude at this time, the Servicemen's Opportunity College sought to assess the awareness of veterans, institutions and communities to the impact of an end to the G.I. Bill. SOC polled a series of college officials (veterans' program administrators) by telephone with questions probing the extent of awareness, the level of discussions, possible action and more specifically, their estimates of the impact upon college, community and future veterans, if and when the G. I. Bill is ended.

Fifteen representative institutions were polled two weeks after President Ford's May 7 proclamation (May 19-23). The sample included eight two-year institutions and seven four-year; one was private and the rest were public institutions. (The poll actually began with seventeen schools, but two were completely unaware of the impending end of the G.I. Bill and so were not asked to respond further.) Respondents were read a brief statement as follows:

> "On May 7, President Ford asked Congress to take necessary action to end the G. I. Bill, perhaps as soon as July 1. Thus, enlistees after that date would receive no benefits. However, those now in service or enlisting prior to July 1 would be eligible for benefits under the present law."

Fifteen questions were asked of each veterans' administrative officer and discussion was invited. The responses have been categorized and, where appropriate, illustrative statements were included. As an extension of the study, response to each item was invited relative to any selective impact on minorities. These data are reported separately. Ten institutions responded to these questions relative to impact upon minorities.

THE FINDINGS

minority answers on right

reness of probable action	Aware	Some Awareness	Unaware	Aware	Some Awareness	Unaware
Were you aware of this prob- e action? the 17 student officers polled ere unaware of any action to end G.I. Bill. Therefore, in their e, no further questioning was in er and the sample was reduced to	15	n/a	2	n/a	n/a	n/a
Are your veterans aware?	6	5	4.	3	2	5
How about your administration?	3	3	9	n/a	n/a	n/a
Your faculty?	2	2	11	n/a	n/a	n/a
Your student body?	2	5	8	2	0	8
Is the community aware?	2	3	10	2	0	8
How about the local VFW, American Legion, etc.?	8	2	5	2	1	6
spaper & media coverage	Yes	A Bit	None	Yes	A Bit	None
Has there been [any] coverage in your student newspaper?	1	2	12	n/a	n/a	n/a
Has there been comment or report in community newspaper(s) or other media? *one article only!	2	6*	7	2	0	8

C. Public statements or proposed action

	Yes	No	Yes	No
1. Are you aware of any action or proposed action or public statements				
a. by campus veterans	1	14	0	10
b. by college or administration	0	15	n/a	n/a
c. by any community group	1	14	1	9
d. by VFW, American Legion, etc.	0	15	1	9

D. Extent of concern

	Quite Concerned	Mildly Concerned	Indif- ferent	Unin- formed	Quite Concerned	Mildly Concerned	Indif- ferent	Unin form
1. How would you characterize the concern of:								
a. your veterans' group	2	6	4	3	2	2	2	4
b. the general campus	2	2	7	4	1	1	4	4
c. the community	1	2	8	4	2	0	3	5
d. VFW, American Legion, etc.	2	6	3	4	n/a	n/a	n/a	n/a

E. About the veterans

	Better Than Average	Average	Below Average	Better Than Average	Average	Below Average	No Informati
1. How would you judge the caliber of your present veterans relative to the rest of the student body?	12	3	0	2	6	0	2

Other: "more stable, older, have better focus, serious, more visible as a group, etc." (Same characterisitics listed for minority veterans.)

2. In what areas of study (or programs) do your veterans concentrate their work? List a few.

Program	Frequency of Mention	Program	Frequency Mention
Business	9	Business	4
Voc/Tech	4	Voc/Tech	2
Engineering	3	Liberal Arts	2
Liberal Arts	3	Social Sciences	2
Law Enforcement	2	Minority Studies	1

3. What proportion of your present veterans would discontinue if the G.I. Bill were unavailable to them?	80%+	50-80%	50%-	80%+	50-80%	50%-
	9	5	1	5	2	1

(On the minority survey, 1 school replied "would find other means" and 1 did not know.)

Other comments

Any other comments re the impact of an end to the G.I. Bill?

Will need something in its place	10
Will hurt the institution	8
Certain programs will suffer	6
Will be contrary to the good of the economy	5
Will help retention in the military	2
Will have little impact	2
Will cause staff cutbacks	1
Will kill PREP and special programs for vets	1

G. Summary

These data suggest that colleges and communities are largely unaware of any impending action to end the G. I. Bill. Only campus veterans and local service clubs appear to have been alerted, though not uniformly. Press/media coverage appears to have been limited: almost no coverage by the student press and largely limited to one article or newscast in the community media. Virtually no actions, anticipated action or public statements by campuses or community groups appear to be in the making.

Much as was revealed by the WWII influx of veterans to the campus, the current veteran is performing above average, is better focused in his work and as a person, and is considered more stable.

Current campus veterans choose programs with the better job prospects - and perhaps more closely related to his military experience - business, vocational and technical training, engineering, law enforcement.

In the judgment of the student veterans' office administrators polled the G. I. Bill was clearly the dominant factor in whether the veteran could be in school. Fourteen of the fifteen respondents judged that from 50 - 95 percent would be unable to continue in school if the G. I. Bill was unavailable to them.

In probing perceptions of the impact upon minority students or as reflected in awareness or possible action by minority groups, minority press, etc. there are few differences to be noted: slightly less awareness by minority groups; less attention in minority press outlets; almost no detectable action or anticipated action; and substantially greater indifference to consequences. Minority veterans were considered to be no different from the average of the student body. Major study emphases were quite consistent with all veterans, with heavy emphasis on business, vocational, technical and engineering programs. Minority studies was mentioned by only one respondent as an area of major emphasis for the campus veteran. An overwhelming majority of minority veterans would be unable to continue without the G. I. Bill or an equivalent.

Chairman HARTKE. The next witness will be the Non Commissioned Officers Association of the United States of America, Mr. C. A. "Mack" McKinney, director of legislative affairs.

STATEMENT OF C. A. McKINNEY, DIRECTOR OF LEGISLATIVE AFFAIRS, NON COMMISSIONED OFFICERS ASSOCIATION OF THE UNITED STATES OF AMERICA

Mr. MCKINNEY. Mr. Chairman and distinguished members of the subcommittee: I am C. A. "Mack" McKinney, director of legislative affairs for the Non Commissioned Officers Association of the U.S.A. (NCOA), and a retired sergeant major, U.S. Marine Corps.

The Non Commissioned Officers Association represents the largest group of active duty military enlisted personnel of all quasi-military organizations. Of a membership in excess of 150,000, nearly 85 percent are currently serving as noncommissioned and petty officers in either the Army, Navy, Marine Corps, Air Force, or Coast Guard.

In their behalf, the association is here today to oppose the bill, S. 1805, that would "amend title 38, United States Code, to set a terminal date for veterans' educational benefits under chapters 34 and 36 of such title, and for other purposes."

Under the proposed legislation, persons entering the U.S. Armed Forces on or after July 1, 1975, would not be eligible for educational benefits, and those on active duty prior to that date and entitled to such benefits would have only until June 30, 1985, to utilize their entitlement.

Recently, the House Veterans' Affairs Committee marked up a similar bill, H.R. 9576, which would extend the dates to December 31, 1975, and June 30, 1987, respectively. The NCOA also opposes this bill. In fact, if the NCOA had been in existence in 1946 and 1954, it would have strongly objected to terminating any and all GI benefits, particularly those dealing with education.

However, what has happenel is not the issue before this distinguished panel today. What can happen is—and the NCOA hopes to do all within its power to influence this distinguished panel to see that educational benefits are neither terminated nor restricted for those serving on active duty now and in the future.

Mr. Chairman, please permit me to say that the NCOA is acutely aware of this Nation's budgetary restrictions. Our president, Mr. James O. Duncan, our international board of directors, our headquarters legislative committee, and our national capital office legislative staff are as concerned with Federal deficit spending as any American citizen.

We, too, would like to see money saved whenever and wherever possible, but we do not agree with President Ford when he states that his proposal, as contained in S. 1805, will "guard the Nation against unwarranted future expenditures" amounting to "$1.5 billion over the next 5 years after termination."

We do not deny that huge expenditures are involved in maintaining the status quo, but we do disagree that the funding is unwarranted. It is an investment in the future of America. Hon. John Paul Hammerschmidt, Member of Congress, pointed this out last year when discussing the Veterans' Education and Rehabilitation Amendments of 1974. Veterans using the GI bill return to the Federal treasury more than the Nation invests in them to pay for the 36 months of college. (Congressional Record, February 19, 1974.) Surely the President, or this Congress, cannot continue to spend $6 billion a year for food stamps, then claim expenditures for educating our GI's are unwarranted.

We also disagree with the President's argument that the United States is now in a peacetime climate. The NCOA submits that the Nation has not had 1 year free of conflict or a threat thereof since 1947. (Congressional Record, July 20, 1973, and World Almanac.) We have fought two wars since that year. We have lost tens of thousands of our young men, and we are still losing them all over the world. In fact, in approximately the same time frame, the Executive Office was preparing the letter and statement requesting the termination and limitation of GI education benefits when the President ordered the Marines, Navy, and Air Force to retake the U.S.S. *Mayaguez*. (Document No. 94-151, U.S. House of Representatives, 94th Congress, first session.)

Mr. Chairman, we lost some good men in that operation, and toward the middle of last month one noncommissioned officer and one petty officer were kidnaped in Ethiopia by rebel forces. (Washington Star, September 15, 1975.) Last week, both in West Germany and near the El Toro Marine Corps Air Station, Calif., the military suffered the loss of 20 men in air crashes. (Washington Star, September 27, 1975.) Meanwhile, according to one "special" U.S. Ambassador and certain high officials of our State Department, American servicemen are "sitting on a powder keg" defending the Panama Canal Zone.

What do we say to the 485,000 American troops stationed in foreign countries? Do we advise them that there is no threat to their safety? Do we say to them that being away from family and friends for 2 to 3 years is a tourist's dream? And how do we explain the continued erosion of military pay and benefits, particularly to approximately 200,000 enlisted military persons in Germany who are subject to exorbitant automobile insurance premiums? (See annex "A" for premium costs.) Do we tell these dedicated men and women, many of them Vietnam veterans, that GI education benefits will be terminated before many of them finish their careers in the military? And what do we say to the young man or woman who wants to volunteer for active duty for 3 or more years in order to take advantage of veterans education benefits?

And last but certainly not least, is the question of the effect this bill, if enacted, will have on future defense costs. Surveys conducted by the military indicate that a significant proportion of enlistees would not have joined the services if there was no GI bill. With the high costs of education at the college level, many high school students turn to an enlistment in the Armed Forces as a means to a college degree. If the way is barred by enactment of S. 1805, or similar legislation, the quality of enlistees may drop significantly.

At the present, the military is recruiting a higher proportion of high school graduates—exactly what Congress has asked them to do. But that higher percentage will drop if GI education benefits are terminated. Additionally, training loss rates will rise and more people will have to be recruited. For example, if estimated training losses rise to a percentage factor of 20 percent instead of 10 percent, the military would have to recruit an additional 20,000 enlistees a year. (Based on

200,000 accessions, a conservative estimate.) At an estimated cost of $4,300 for each trainee loss, the services would have to spend an additional $86 million per annum for replacement. This amount, by the way, does not take into consideration added training instructors costs and the costs to increase general educational development for more non-high-school graduate accessions. Total costs could run, conservatively, $138 million. (Estimates obtained from data requested of the armed services.) And I repeat, this is an extremely conservative estimate.

And we should not forget the costs that can be related to the replacement of existing and highly skilled military personnel who would leave the services early to take advantage of their GI education benefits. The limitations of 10 years, or even 12 as in H.R. 9576, is not sufficient to allow all Vietnam veterans presently in service to utilize these benefits. The average low cost of an adverse separation after training is nearly $17,000, and more for those with highly technical skills. For every 60 persons separating at this cost, the military would lose more than $1 million.

President Ford's statement referred also to the All-Volunteer Force. We gather from his remarks that he assumes that the all-volunteer concept is working, and that the receipt of "high pay" justifies the termination and limitation of further educational benefits under the GI bill. We cannot agree with this assertion.

First of all, the all-volunteer concept has been tested only during a period of high unemployment; we must wait until the unemployment figures drop to normal before the concept can be adjudicated. On August 1975 the Army's recruiting objective fell short as only 81.7 percent of its goal was attained.

As for high pay, the NCOA does not argue the fact that the military is financially better off than it was some years ago. However, while others—Federal employees, postal workers, and civilians—are reaping increased gross pay and benefits, the military has been on the losing side for the past 3 years.

Can you imagine that a service member can be the recipient of one promotion, four annual pay raises, and one in-service pay increase and perhaps gross less pay in 1976 than in 1973, or less pay in 1975 than in 1974 or 1973? (See annex B.) And the President wants to further erode this member's benefits by terminating educational benefits before that person has an opportunity to utilize the entitlement.

Mr. Chairman, the military—past, present, and future—has been the economic scapegoat of the past two administrations and the 93d Congress. To date the combined actions of the two governmental bodies have either reduced or terminated such items and programs as: Pay increases, project transition, enlisted personnel degree training, Armed Forces Institute, parachute jump pay, cost of living allowances, permanent changes of stations, CHAMPUS and in-service medical care, special and proficiency pay, automatic reenlistment bonuses, space-available travel, reenlistment travel payments, accrued leave payments, and retired pay. (Rept. No. 93-662, U.S. House of Representatives, 93d Cong., 1st sess.; Rept No. 93-1225, U.S. House of Representatives, 93d Cong., 2d sess.; and HASC No. 93-49.)

In one action alone, the recomputation to determine future military pay raises and retired pay (Public Law 93-419), the Federal Government estimates a savings of nearly $1.1 billion by 1980. (Rept. No. 93-1132, U.S. Senate, 93d Cong., 2d sess.)

In another change in law dealing with reenlistment bonuses, the estimated saving for a 6-year period was $44.5 million. (Rept. No. 93-857, U.S. House of Representatives, 93d Cong., 2d sess.)

Other congressional actions mentioned earlier estimated savings of approximately $389 million in fiscal year 1974 and $688 million in fiscal year 1975. Of these amounts over $35 million was a reduction in graduate schooling or terminal funds for degree-seeking training for enlisted military personnel. (A quick review of fiscal year 1974 and 1975 DOD appropriation bills.)

These are but a few of the reasons why the NCOA believes that Congress should reject the President's request to terminate veterans' education benefits. These are the only "wartime entitlements" remaining for present and future military members as of May 7, 1975. On that date the President terminated all others.

There is, of course, another reason—one we believe is a threat not only to Congress, but to the military. The threat is not posed by the NCOA or any veterans' or military organization, but by a union of Federal employees. That union is seriously contemplating unionizing the military forces.

Should Congress continue to erode military pay, allowances, and benefits, and fail to listen to the petitions of the organizations now representing military personnel, it will join the administration in "adding fuel" to the union's rationale that it is now time to organize the U.S. Armed Forces.

The NCOA abhors the thought of military unions. It believes the idea to be utterly ridiculous. But, gentlemen, it could happen.

Mr. Chairman, may I make a few comments?

Chairman HARTKE. You certainly can.

Mr. McKINNEY. Yesterday, testimony was received before this distinguished panel from the American Legion and the National Association of Concerned Veterans, and each of their representatives made a statement that I believe needs to be clarified.

In the case of the American Legion their spokesman noted that American youths enlisted in the Armed Forces during wartime for different reasons than they do during peacetime.

This may have been the case in World War II and it may have been the case in the Korean war. I had the opportunity if one prefers to call it that, of serving in the recruiting branch of the U.S. Marine Corps during a peacetime period, 1960 to 1963 and again during a wartime period of 1969 to 1971. There was no difference in the reasons why these young men enlisted in either period except there was a motivating factor, the draft, in the 1969-1971 period; however, the majority of them did enlist because of the training and educational benefits that were available.

These were surveys conducted at our recruiting station at the time the young man enlisted.

In the case of the National Association of Concerned Veterans, their spokesman noted that certain military members may qualify for readjustment pay after serving 4, 10, 12, or 16 years.

Mr. Chairman, only commissioned officers and warrant officers, and certain Reserves, are entitled to readjustment or severance pay. Approximately 86 percent of the total active forces or more than 1.9 million enlisted members received not one cent from this Government if they are honorably separated from the armed services to assist them in readjusting to civilian life.

Mr. Chairman, you may recall that last year, at our request, you introduced legislation in the 93d Congress to correct this discriminate practice. Senator Thurmond, a member of this panel, was one of your cosponsors.

The fact that the regular enlisted member is not entitled to severance or readjustment pay, we feel, under the present law, is certainly a sufficient reason to continue the GI bill.

There is also one other additional item that I'd like to bring up and that is yesterday the House passed a defense appropriations bill, H.R. 9861. It completely terminates any cash settlements beyond the total of 60 days accrued leave for enlisted personnel.

For years enlisted personnel were entitled to receive cash payments for unused leave whenever they completed an enlistment. Now that law has been limited by the House Committee on Appropriations without any public hearings.

Here went another entitlement, along with the others, and we're talking about 86 percent of the military force who never got a chance to have his or her day in court to contest the action of this Committee that has no jurisdiction over military law. That privilege belongs to the Committee on Armed Services.

Thank you very much, sir.

Chairman HARTKE. That appropriation bill has not passed the Senate yet, has it?

Mr. MCKINNEY. No, sir; it has not.

Chairman HARTKE. Is there still a good chance to put it in?

Mr. MCKINNEY. I hope so, sir.

Chairman HARTKE. All right, fine. Let's try that.

Thank you. I appreciate both of those, Mac. As usual, you're right on the ball.

Mr. MCKINNEY. Thank you, sir.

[Annex A and B as submitted by Mr. C. A. McKinney follows:]

ANNEX "A"

Rates for U.S. Forces auto liability insurance in Germany

Category	*Rates for all automobiles*
Officers 25 or over and married	DM 364 ($146)
Civilians, E-8s, and E-9s 25 or over and married; Officers under 25 and married	DM 514 ($206)
Officers, civilians, E-8s and E-9s 25 or over and single	DM 654 ($262)
E-1 through E-7 25 or over and married	DM 732 ($293)
All civilians under 25; E-1 through E-7 under 25 and married	DM 867 ($347)
All E-1 through E-7 single	DM 1184 ($474)
Officers under 25 and single	DM 1250 ($500)

Sources: Fortune, Zurich and Alu. Average rates charged by the three companies for minimum liability coverage only are listed. Full coverage on a new car will roughly double the amount listed.

The dollar-deutschemark exchange rate used throughout this Stars and Stripes series, "Insuring You Car in Europe," is 2.50 marks to the dollar. Exceptions to this rate have been made, of course, in references to the exchange rates of the past.

ANNEX B

MAN ENLISTS JAN. 1, 1970, IN U.S. ARMY FOR 3 YR—REENLISTED JAN. 1, 1973, FOR 3 ADDITIONAL YEARS AND PROMOTED TO PAY GRADE E-5 UPON REENLISTMENT—IS A BACHELOR RESIDING AND EATING IN GOVERNMENT FACILITIES AND IS A VIETNAM COMBAT VETERAN

	Monthly			1-time payment			
Dates	Basic pay	Parachute pay	Proficiency pay	Accrued leave [1]	Reenlistment bonus [2]	Separation travel [3]	Annual receipts [4]
1973:							
Jan. 1 to Dec. 31	438.90	$55	$75	$387.00	$1,316.70	$60	$8,590.50
Oct. 1 to Dec. 31	[5] 19.20						57.60
Total							8,648.10
1974:							
Jan. 1 to June 30	486.30	[6] 55	75				3,697.80
July 1 to Sept. 30	486.30		75				1,683.90
Oct. 1 to Dec. 31	513.00		[7] 75				1,764.00
Subtotal							7,145.70
(Oct. 1 to Dec. 31)	[8](521.30)						24.90
Total							(1,170.00)
1975:							
Jan. 1 to Sept. 30	513.00						4,617.00
Oct. 1 to Dec. 31	538.50						1,615.50
Subtotal							6,232.50
(Jan. 1 to Sept. 30)	[8] (521.30)						*74.70
(Oct. 1 to Dec. 31)	[8] (556.20)						*53.10
Total							(6,360.30)
1976 (Reenlists for another 3-yr term, 2d reenlistment):							
Jan. 1 to Sept. 30	538.50				683.30		5,529.80
Oct. 1 to Dec. 31	565.50						1,696.50
Subtotal							7,226.30
Difference				[9] 559.50		[10] 60	*619.50
Total							(7,845.80)
(Jan. 1 to Sept. 30)	[8] (556.20)						*159.30
Difference							*83.70
(Oct. 1 to Dec. 31)	[8] (593.40)			[9] (577.20)			[11] 17.70
Total							(8,106.50)

---

[1] 1 day's basic pay for each day (30 percent) of accrued leave, plus 70c daily for subsistence.

[2] 1 mo's basic pay multiplied by number of years reenlisted for 1st reenlistment, 20 days' basic pay multiplied by number of years reenlisted for 2d reenlistment.

[3] 6c per mile multiplied by number of miles (1,000)—distance between home of record or place of enlistment and place of discharge.

[4] Taxes not included. Amount shown is gross pay.

[5] Actually received in 1974 due to President's "illegal" delay of Oct. 1, 1973, pay raise by 3 mo.

[6] Parachute jump pay reduced by Congress; Public Law 93-238.

[7] Proficiency pay terminated by Congress Army Jan. 1, 1975; Public Law 93-238.

[8] Monthly basic pay if raise was computed under previous law. New law (Public Law 93-419) charged method of computation. [5.5 percent was equal to 7.2 percent; 5 percent is equal to about 6.7 percent]

[9] Congress instructed DOD to tighten up on payments of settlements for accrued leave. DOD issued new directive and submitted legislation to 94th Cong. to change system for enlisted personnel.

[10] Payments terminated by Public Law 93-437.

[11] Difference between new method and old method of computation. See 8 above.

* Difference.

Chairman HARTKE. The next witness is Mr. John A. Lancaster, the Administrative Assistant of Paralyzed Veterans of America.

STATEMENT OF JOHN A. LANCASTER, ADMINISTRATIVE ASSISTANT, PARALYZED VETERANS OF AMERICA

Mr. LANCASTER. It is my pleasure to respond to your invitation to comment on S. 969. The Paralyzed Veterans of America is in favor of extending to 45 months the basic educational benefits available to veterans under chapter 34 of title 38 and to their dependents under chapter 35. We hope that this Committee, along with the whole Senate, will not consider, as is presently being done in the House of Representatives, a simultaneous cessation of GI bill benefits for our future veterans.

The Paralyzed Veterans of America realize, better than any other veterans organization, the potential rehabilitation benefits of education. A great many of our nonservice connected members have turned to the GI bill following their injuries in order to make up with additional training and education what they had lost in physical ability. The result has been that many of them have returned to our Nation's productive work force in spite of their injuries.

The education benefits provided by the GI bill have made it possible for many individuals, who would not have been able to afford it otherwise, to further their education whether it be academic or vocational.

Historically, GI education benefits were meant to assist veterans returning from wartime service. It has been argued that these benefits are peculiar to wartime service. However, for 32 of the past 35 years, in war and in peace, education benefits have been provided for all veterans. Congress felt strongly enough about the value of this program that, in 1966, they made GI bill education benefits permanent, rather than terminating upon a Presidential proclamation that a war had ended.

In section 1651 of title 38, United States Code, Congress declared that "the education program created by this chapter is for the purpose of (1) enhancing and making more attractive service in the Armed Forces of the United States * * *"

The facts indicate that the GI educational program is one Government program that has worked in the past and is working now. Studies have shown that for every dollar spent on GI educational benefits at least $4 is realized in additional tax revenue from increased earnings resulting from increased education and training, and there is no doubt that there are some savings in reduced unemployment compensation paid out to veterans who have used these benefits.

Partly due to our economic situation, minority and disadvantaged youths are enlisting in the armed services in disproportionate numbers. The GI bill gives them a chance to improve their education upon discharge, thus increasing their productivity and life potential. Cancellation of this program will thus eliminate this opportunity for them. It will further eliminate educational opportunities for veterans who become catastrophically disabled following service.

We urge unrestricted entitlement of 45 months of educational benefits for Vietnam era veterans and veterans of this future.

We have heard a number of arguments from the administration in support of the program's elimination. One argument offered is that educational benefits should be the responsibility of the Department of

Defense rather than the Veterans' Administration. Other arguments offered are that these benefits are too expensive and encourage servicemen to leave the military.

These arguments bear further examination. The program does involve significant costs although such costs will be considerably reduced in the future: The number discharged annually will be substantially less than the number released from the service during the peak years of the Vietnam conflict. Perhaps the Department of Defense should bear the cost of the program. However, there has been no serious discussion of these important issues. No alternative proposal is pending before Congress, nor has the administration made any formal recommendations in this respect. Consequently, we believe it would be precipitous to terminate the existing program prior to developing an alternative program, whatever that program may be. Thus, we hope your Committee will not consider what the House is going to consider Monday.

The argument that VA educational benefits encourage people to leave the service ignores the reality that there will always be a certain turnover in the lower ranks where personnel are needed in large numbers than career military who advance in rank over the years. Thus, the real question is what will be the composition of those in the lower ranks? If we wish a representative Armed Forces which includes those who score relatively high on aptitude tests, then we believe educational benefits will be needed for them as recruitment incentive.

Further, the current depressed state of the economy should not deceive us as to the importance of GI bill benefits. A recent survey conducted by the Army Testing Service last September revealed that one out of every four individuals tested indicated that they would not have enlisted if GI educational benefits had not been available.

When servicemen were asked to list the three most important reasons for their joining the military, one out of every two listed postservice educational benefits.

We applaud the extension of GI educational benefits to from 36 to 45 months and hope that you will not consider any future termination of those benefits.

Mr. Chairman, I would like to comment on one aspect of our testimony and that is the rehabilitation benefits of the GI bill. I not only speak for members of our organization who, following service possibly came upon a catastrophic disability, and then they looked, in turn, to whatever rehabilitation they could get, to find out that the GI bill was the best thing going, and they generally ran with it because many states' "rehab" programs just are not nearly as adequate or as good as the GI bill benefits.

There is also a rehabilitation benefit and readjustment benefit for those who have no disability following service, just from the mere fact that, we would contend and I think you would agree, there is a certain amount of culture shock and a certain amount of rehabilitation needed when one leaves the military and goes back into civilian life.

I do not think that the modern Army has changed that significantly, and I know, indeed, the Marine Corps and the Navy have not. They are not so close to being a civilian type organization that there is not some readjustment that needs to be taken into consideration.

We think these educational benefits provided by the GI bill are one of the things that can do that.

Chairman HARTKE. You put your finger on something which has concerned me for quite some time. What you're really dealing with here is the psychological and sociological effect of military service. I appreciate you bringing that to our attention again.

I might point out, to put it a little differently that there is a problem for infantrymen, for example, to find corresponding work activity in civilian life; isn't there?

Mr. LANCASTER. Yes, indeed, there is.

Chairman HARTKE. As I said, about the only thing you might even classify in this day and age as available could be an urban guerrilla.

I don't mean to be disrespectful to the military. The military service is there in case of an emergency to do some rather disagreeable work.

Mr. LANCASTER. That's very true, Senator.

Possibly, he could work for the Mafia, too.

Chairman HARTKE. I don't want to train him for either one of those.

Mr. LANCASTER. The point is well taken. What is the average Marine, or the average infantryman in the Army, or even your normal deckhand, say, in the Navy, what is he actually trained for?

Chairman HARTKE. Swab down the cafeteria.

Thank you John for a fine statement. We appreciate it very much.

Mr. LANCASTER. Thank you.

Chairman HARTKE. The last witness scheduled for this morning is Mr. Richard Shaffner, Assistant Division Chief of the Division of Programs to Advance Veterans Education, from the Bureau of Equal Opportunity, the Pennsylvania Department of Education.

STATEMENT OF RICHARD SHAFFNER, ASSISTANT DIVISION CHIEF, DIVISION OF PROGRAMS TO ADVANCE VETERANS EDUCATION, BUREAU OF EQUAL OPPORTUNITY, PENNSYLVANIA DEPARTMENT OF EDUCATION

Mr. SHAFFNER. Good morning, sir. Mr. Chairman, members of the Committee, and distinguished guests, I want to thank you for affording me this opportunity to address your group and present justification for continuation of the GI bill.

My name is Richard Shaffner, Assistant Division Chief, Division of Programs to Advance Veterans Education, Bureau of Equal Opportunity, Pennsylvania Department of Education.

There has never been a scholarship program that has benefited so many and returned at least $6 for every dollar initially invested. Never, has one program reached out and afforded so many an opportunity to pursue educational and training objectives, as the GI bill. Our educational institutions have expanded and grown to their present size, in part, due to GI bill dollars that accompanied the increasing numbers of World War II veterans who pursued postsecondary institutional training after the war.

This one piece of legislation has greatly shaped our country's continuing role in providing world leadership. If we are to remain in our present position and continue to serve as an example for others we must preserve those ideals which we hold dear to us.

I encourage each Member of Congress to consider several factors before terminating one of this country's most benevolent laws ever to be enacted. Groups that will be affected, should the GI bill be terminated, include: (1) All infantry-related military personnel, (2) large numbers of minority persons, and (3) disabled veterans.

Other factors to be considered are as follows: (1) Definition and purpose of the GI bill, (2) alternative program, (3) investment and return, in terms of dollars, and (4) developing a GI bill that is permanent to provide needed educational and vocational opportunities for all veterans.

Our servicemen and women deserve the opportunity to continue their educational and occupational training beyond the time afforded during their military service. Many military occupational specialities require additional off-hours training and permit little or no free time for service persons to pursue educational or training programs preparing them for civilian occupations. For example, one-half of the blacks and one-third of the whites separating from the armed services in 1970 were in military occupations not readily transferable to civilian life.

What happens to the service person who has come from a low socioeconomic class upon entry into the armed service, and upon separation or discharge can't find gainful civilian employment because his military training is not transferable to a civilian related occupation?

This person can't begin to identify sufficient financial resources to finance an educational or training program to acquire the necessary skills to become a productive member of society. Also, more and more minorities are entering the armed services, for various reasons. What place in society can they expect to attain if upon reentry into the civilian job market they have no transferable skills?

Certainly, we can't assume that every military person will make a career of the Armed Forces. Therefore, an alternative must be available to accommodate those persons needing additional education or training to make the transition from military to civilian life.

In the Army 25.1 percent of enlisted personnel are "ground-combat", and 28.8 percent in the Marine Corps. Myself, having been in the infantry in the Marines, have had no chance to pursue an educational program because of time constraints, field maneuvers, overnight bivouacs, training, et cetera. When I had applied for an educational program I was denied access because it interfered with infantry training.

Also, service-connected disabled veterans will continue to reenter the civilian job market. Hazardous types of military occupations will result in veterans being discharged due to their on-the-job accidents. Just because we are no longer engaged in a war does not eliminate the number of disabled vets who will reenter civilian life. These veterans deserve educational and vocational training opportunities to overcome their disabilities in order to become productive members of society.

State bureau's of vocational rehabilitation should not be held accountable for providing these veterans with training and readjustment programs. Clearly, the Veteran's Administration's vocational rehabilitation program should be the program addressing the needs and services for these veterans.

It is imperative that we define the purpose and intent of the GI bill. Title 38, U.S.C., chapter 34, Veterans' Educational Assistance, Subchapter I—Purpose Definition, section 1651. Purpose, states the following:

> The Congress of the United States hereby declares that the education program created by this chapter is for the purpose of (1) enhancing and making more attractive service in the Armed Forces of the United States, (2) extending the benefits of a higher education to qualified and deserving young persons who might not otherwise be able to afford such an education, (3) providing vocational readjustment and restoring lost educational opportunities to those servicemen and women whose careers have been interrupted or impeded by reason of active duty after January 31, 1955, and (4) aiding such persons in attaining the vocational and educational status which they might normally have aspired to and obtained had they not served their country.

As the purpose in fact has indicated, the GI bill is to provide educational and vocational opportunities to veterans, along with enhancing and making more attractive service in the Armed Forces. Therefore, one can't generalize and specifically say that the GI bill is only for readjustment purposes. Whether we are involved in wartime or peacetime activities veterans should be afforded readjustment benefits.

Alternative plans that would have the equivalent impact as the GI bill have not been introduced or proposed. It has been stated that the Department of Defense will develop a program that would be similar to the GI bill. I don't see such a commitment becoming a reality or having the impact and reaching as many persons as have benefited from the current and previous GI bills.

Also, I am concerned about DOD's involvement and commitment once a service person has been separated or discharged.

In terms of investment, no program has returned as much from its original dollar investment. The GI bill has been a blue chip investment: Our Government has received back in additional tax dollars at least $6 and perhaps more for each dollar spent on GI bill training.

In addition, by the time the World War II GI bill ended, America had been given over 450,000 engineers; 180,000 doctors, dentists, and nurses; 360,000 teachers; 150,000 scientists; 107,000 lawyers; 243,000 accountants; 36,000 ministers; 280,000 metalworkers; 138,000 electricians; 83,000 policemen and firemen; 700,000 businessmen, and over 17,000 writers and journalists, not to mention the educational opportunities afforded many of our senators and representatives.

Since the GI bill's track record speaks for itself, why is there such opposition to continue a program that has benefited so many and with the potential to serve so many more Americans?

There is just no logic in repealing a program that has demonstrated nothing less than success since its enactment. Many programs exist that have not and are not fulfilling their goals and expectations. These are indeed the programs we should be focusing in on to see whether they merit continuation or should be canceled.

In support of my position allow me to read the following excerpt from Mr. Olson's book, titled: "The GI Bill, the Veterans and the Colleges":

> To support their calls for a third GI bill The American Legion, congressional leaders, the Veterans' Administration and other organizations repeatedly cited the success of World War II and Korean bills. The AFL-CIO, for example, reminded the House Committee on Veterans' Affairs that the first two bills increased "the standard of living of the veterans and their families," raised

> "the levels of education and skills of the Nation." and proved "an exceptionally wise investment." Senator Ralph Yarborough, Texas Democrat, who led the unsuccessful campaign for a Cold War GI bill and then worked for the Vietnam GI bill, called the World War II Act, "one of the most beneficial, far-reaching programs ever instituted in American life." Like the AFL-CIO, Yarborough pointed out that the veterans who utilized the GI bill paid higher taxes than nonveterans or veterans who failed to use the benefits. The larger tax payments, Yarborough reasoned, more than repaid what the program cost. In 1965 Cyril F. Brickfield, the Veterans' Administration's Deputy Administrator of Veterans' Affairs, publicly agreed. He published an article reporting the Veteran's Administration's conclusions that the GI bill already had repaid its initial cost, and that the GI bill, "was one of the most successful pieces of legislation ever enacted."

Another aspect that merits consideration is to enact legislation to continue the GI bill as a permanent educational and training program. This is not just a wartime program as pointed out in the purpose of the GI bill. Home loans began as wartime benefits but this program has been transformed into a near permanent home loan program. Education and training are essential ingredients in one's life.

Without these attributes one would have limited choices to make in considering a career occupation. This would also put constraints on purchasing power in using the home loan program to its best advantage.

I have upheld a philosophy regarding specific program evaluation and impact, that is, "everyone has the opportunity and freedom to criticize and speak his or her piece be it regarding a program or whatever, but before condoning the system, be able to offer an alternative that could produce at least equivalent results. I believe there hasn't been an alternative offered that could reach and positively affect as many lives as the GI bill has done for so many Americans."

In closing, I would like to leave you with two important issues for consideration. First, Senator Hartke introduced S. 969 on March 5, 1975, which would greatly assist many of our veterans. This bill provides for extending the additional 9 months of educational assistance from 36 to 45 months to include graduate study.

Due to the high unemployment figures for Vietnam veterans, especially minority veterans, this bill, if passed, will allow veterans to continue their education and training during a period when our current economic situation is resulting in an increasing number of layoffs and cutbacks in personnel in many occupations.

Many veterans would benefits from this timely legislation. Many currently unemployed veterans could take advantage of continuing their education and obtain gainful employment once our economic difficulties are resolved and we achieve economic stability.

Second, we are approaching our country's bicentennial celebration. Our strengths as a country, in part, are due to the many sacrifices made by our servicemen and women and our veterans. Will we begin our celebration by expressing our gratitude toward service persons by eliminating their opportunities to achieve an education that they could not otherwise afford?

The GI bill is as patriotic as mom's homemade apple pie and has been a way of showing our veterans a deep appreciation for their service, and that they, indeed, deserve the best opportunities our country has to offer them.

Thank you.

Chairman **Hartke**. I want to thank you for your testimony this morning, It's been very helpful, as usual.

[With objection, I order the following report placed in the hearing record.]

[Subsequently, the following material concerning veteran-inmates in Pennsylvania was submitted for the record:]

CHARACTERISTICS AND NEEDS OF VETERAN-INMATES IN PENNSYLVANIA STATE CORRECTIONAL INSTITUTIONS

Darryl Kehrer
Chief
Division of Programs to Advance
Veterans Education (PAVE)
Office of Equal Opportunity
Pennsylvania Department of Education

Dr. Sitansu Mittra
Chief
Systems and Operations Research
Bureau of Correction
Pennsylvania Department of Justice

May 30, 1975

SUMMARY

The purpose of the study is to determine characteristics and needs of veteran-inmates in Pennsylvania state correctional institutions.

The conclusions derived from the study follow:

1. Approximately 25% or 1521 inmates incarcerated in 8 state prisons are veterans.
2. Approximately 4.8% of veteran-inmates received a dishonorable discharge from the military service.
3. Approximately 26.8% of veteran-inmates received an undesirable, bad conduct, or dishonorable discharge from the military service.
4. Approximately 61% of veteran-inmates served in the Army.
5. Average months of active duty of veteran-inmates was 33.2.
6. Average length of minimum sentence of veteran-inmates is 4 years.
7. Average age of veteran-inmates is 33.6 years.
8. Average grade level of education of veteran-inmates is 10.7 years.
9. Fifty-two per cent of veteran-inmates are black.
10. On the average 64% of veteran-inmates had no prior offense, 14% had 1 prior offense, and 22% had 2 prior offenses or more.
11. On the average burglary and robbery are the most

predominant offenses of veteran-inmates.

12. Fifty-two per cent of veteran-inmates are Vietnam era; 20% are post-Korean but pre-Vietnam era; 10% are Korean era; 10% are post WWII but pre-Korean era, or not separated from military service, or information is not available; 8% are WWII veterans.

13. Fifty per cent of veteran-inmates are eligible for Vietnam era GI Bill educational benefits; 21% are ineligible for educational benefits because of a less-than-general discharge; 8% are ineligible for educational benefits because they are WWII veterans; 7% are ineligible for educational benefits because they are not separated from the military service or are temporarily considered ineligible because discharge information is not available; 6% are ineligible for educational benefits because they are Korean conflict veterans; 6% are ineligible for educational benefits because they have served less than 181 days active duty; 2% are ineligible for educational benefits because they are post-WWII but pre-Korean conflict veterans.

14. Veteran-inmates assessed their needs revealing that institutional skill training was most prevalent; the second next most prevalent need was securing post-release state or federal grants or loans for education; the third most prevalent need was using

GI Bill benefits while incarcerated.

RECOMMENDATIONS

Based upon experiences gained in conducting this study, recommendations are offered in the form of supporting the detailed inter-agency chronology written by PAVE in September, 1974 and amended in February, 1975. This chronology indicates the importance of utilizing educational and vocational programs as well as the GI Bill in veteran-inmate prescriptive planning. It also indicates the importance of benefits counseling. Several goals of the chronology have already been completed. The entire chronology follows on pages four through seven.

CHRONOLOGY
SEPTEMBER 1974 - SEPTEMBER 1975

Date	Goal	
9/74	1.1.1	A video tape outlining benefits and services to veterans in the Commonwealth has been produced and is available for Bureau of Correction staff training.
9/74-continuous	1.6.1	State Correctional Institution (SCI) education and treatment staff, probation and parole persons, community treatment staff etc. receive periodic resource information via PAVE information clearinghouse.
9/74-continuous	2.9.1	Recommendations reference educational financial aid opportunities for veteran ex-offenders have been made to the Commissioner, OHE, as needed.
12/74	1.2.1	General advice has been received from Veterans Administration (VA), Department of Military Affairs-Bureau of Veterans Services (DMA-BVS), etc. reference their roles in assisting incarcerated veterans.
1/75	1.1.2	Veterans education/benefits information sessions have been held for treatment staff at each state correctional institution; resource material has been provided; procedures in which Pa. Dept. of Education (PDE), DMA-BVS, VA can assist incarcerated veterans are outlined.
	1.3.1	Multi-agency benefits information sessions have been provided to incarcerated veterans at each SCI; a needs assessment has been completed by each vet who attends; after-action reports have been written.
	1.3.2	DMA-BVS has provided discharge review information to vets with other than honorable discharges.
2/75	2.2.1	A memorandum of agreement outlining PAVE and DMA-BVS responsibilities in

SCI's has been signed and implemented.

3/75 1.3.3 Personalized follow-up interviews have been conducted with each veteran at each SCI; DMA-BVS, VA, PAVE, and SCI-education officers participate; after-action reports have been requested from participating agencies.

1.3.4 Continuous inmate counseling has been completed by DMA-BVS and VA; individual inmate caseworkers have been advised of services rendered for case file.

1.8.1 Guidelines and proposal formats for having prison GED, voc-ed, and other programs approved for veterans training (preferably on a ½ or full-time basis) have been provided to each SCI; assistance is provided as necessary.

4/75 1.4.1 VA has been requested to provide assistance to incarcerated veterans who have drug/alcohol problems, service connected physical or psychological disabilities or who need diagnostic testing.

1.7.1 On a continuous basis, the Bureau of Correction maintains listings of veterans and appropriate data.

1.8.2 Proposals have been submitted to state approving agency.

1.9.1 Provisions have been made by SCI's to hold GI Bill payments in inmates' accounts.

2.0.1 Action has been taken to insure that inmates already enrolled in college level programs have been certified for educational payments. Certification assistance has been requested from VA, DMA-BVS, and SCI's as needed.

2.8.1 Recommendations have been provided to PDE, Correction Education, reference placing inmate apprentice tradesmen in jobs via the proposed inmate placement program.

3.2.1 Coordination has been maximized between Act 101, Veterans Preparatory, and other programs so that SCI's may recommend such programs to veteran-inmates as post-release resources.

5/75 1.2.2 Correction education subcommittee to PAVE Advisory Committee has been established.

1.5.1 The inmate veteran counseling aide program has been initiated with trained counselors at participating institutions; "tie-ins" have been made with the parateacher program.

1.8.3 Approved proposals have been submitted to the VA by the state approving agency.

1.8.4 VA has approved programs; prisons have been advised of approval (or disapproval).

1.8.5 VA and DMA-BVS have been requested to assist in certifying inmate student-veterans for educational benefits.

1.9.1 The Bureau of Correction has been asked to encourage single inmates to save GI Bill funds for post-release purposes and married inmates (while incarcerated) to provide some funds to their dependents.

2.1.1 Guidelines for using the GI Bill in inmate prescriptive planning have been provided to the Bureau of Correction for implementation; PAVE monitors this process.

3.1.1 A report has been provided to the Chief, Correction Education, PDE, reference initiating skill training to incarcerated veterans via Pa. Assn. of Private School Administrators and the GI Bill.

6/75 2.3.1 A GI Bill educational pre-release guide has been written and provided to SCI's and DMA-BVS for implementation.

2.4.1 A GI Bill educational parole guide has been written and provided to SCI's, Board of Parole, and DMA-BVS for implementation; PAVE monitors this process.

2.6.1 Per regional need, the station house intercept concept has been implemented by the DMA-BVS.

6/75	3.0.1	A plan to assist veterans on probation has been developed by PAVE, DMA-BVS, and VA.
7/75	2.5.1	An inmates handbook on veterans benefits and programs for ex-offenders has been developed and provided to SCI's for distribution.
9/75	2.7.1	Evidence has been received that the number of incarcerated veterans using the GI Bill for ABE, GED, voc-ed, and college level programs has increased significantly; a report has been issued.
	2.7.2	Evidence has been received that the number of incarcerated veterans using educational pre-release and educational parole plans has increased significantly; a report has been issued.

Characteristics and Needs of Veteran-Inmates in Pennsylvania State Correctional Institutions

1. WHO ARE THE VETERANS

Late in 1974 the Pennsylvania Bureau of Correction started mobilizing its efforts to gather necessary information on veterans among inmates of the eight state correctional institutions. The purpose was to identify veterans and inform them primarily of GI Bill educational benefits as well as other federal and state benefits which could be useful to them. This effort was made in conjunction with Pennsylvania Department of Education, Office of Equal Opportunity, Division of Programs to Advance Veterans Education (PAVE).

2. HISTORY AND MISSION OF PAVE

In October, 1971, Governor Milton J. Shapp hired ten Vietnam-era veterans to work regionally with postsecondary educational institutions and various agencies to motivate and assist veterans in furthering their education and training. At that time only 13.5 per cent of Pennsylvania Vietnam-era veterans were enrolled in college level programs.

PAVE developed on-campus advocacy services and out-reach programs. During 1973, 5,068 young veterans received assistance via a network of 53 college counseling centers. By mid-1974 the veterans cost of instruction, state veteran action center, and VA man-on-campus programs were initiated to meet veterans' needs. PAVE was fortunate enough to assist veterans for a two to three year period prior to government agencies provision of comprehensive services per their mandate.

PAVE redefined its mission in July of 1974 to include the following priorities:

(1) Improve educational opportunities and advocacy services for veterans incarcerated in state correctional institutions.

(2) Develop veterans remedial and preparatory programs regionally on college campuses.

(3) Improve opportunities for educationally and economically deficient veterans.

(4) Improve educational opportunities for wheelchair-bound veterans.

(5) Explore methods for granting credit for life experiences.

3. JOINT EFFORT OF PAVE AND CORRECTION

Secretary of Education John C. Pittenger and Commissioner of Correction Stewart Werner signed a memorandum of agreement on July 1, 1974 which gave the Department of Education primary responsibility for administering educational programs in state correctional institutions. Late in 1974, Pennsylvania Bureau of Correction joined with PAVE to design a course of action for assisting veteran-inmates. After some initial discussion, the following plan was adopted:

During budget year 1974-75 PAVE agreed to be responsible for the development, improvement, and expansion of educational opportunities and services for veteran-inmates in the eight state correctional institutions. PAVE also agreed to seek assistance from state and federal agencies and write a chronology of service.

During November and December 1974 steps were taken to identify incarcerated veterans in the eight state correctional institutions. The following data elements were gathered on each veteran-inmate:

(1) Name

(2) Bureau of Correction number

(3) Armed Forces Service Number

(4) Branch of Service

(5) Months of active duty

(6) Date of separation from active duty

(7) Type of discharge

(8) Type of offense committed

(9) Minimum Sentence

(10) Date of expiration of minimum sentence

(11) Age

(12) Educational level i.e., last grade completed before incarceration, or Wide Range Aptitude Test reading level, or Stanford Achievement Test.

(13) Race

(14) Prior offense committed

4. SERVICES RENDERED BY BUREAU OF VETERANS SERVICES AND VETERANS ADMINISTRATION

The Department of Military Affairs, Bureau of Veterans Services, agreed to be responsible for providing benefits counseling and advisory services to veteran-inmates and ex-offenders. The Bureau participated in initial group benefits briefings and needs assessment sessions. The Bureau also agreed to initiate the following:

(1) An early identification program in which inmates would receive GI Bill and other information at the

diagnostic and classification point. GI Bill would be used in prescriptive planning as various educational programs were approved for veterans training by the Department of Education.

(2) Assistance in making application to upgrade other-than-honorable discharges.

(3) Visit each prison at least bi-weekly.

The Veterans Administration offices in Pittsburgh and Philadelphia agreed to participate in initial group benefits briefings and needs assessment sessions. They also agreed to initiate the following:

(1) Follow-up assistance for inmates.

(2) Guidance with regard to VA laws and regulations and how they affect benefits for incarcerated veterans.

(3) Visit each prison at least twice each year; visit the Pittsburgh Institution more often, as needed.

5. STATISTICAL ANALYSIS OF VETERANS' DATA

The data collection process took nearly six weeks to complete. Since most of the data were not available in the computer files, they had to be gathered manually. Some general facts are stated below pertaining to these data elements.

As of December 31, 1974, there were 1,521 veterans among a total of 6,039 inmates in the eight state correctional institutions. This indicates that approximately 25 per cent of inmates are veterans. The actual breakdown by institutions follows:

TABLE 1: VETERAN INMATE POPULATION

INSTITUTION	*POPULATION*	*VETERANS*	*PERCENTAGE*
Camp Hill	*895*	*83*	*9*
Dallas	*745*	*143*	*16*
Graterford	*1570*	*384*	*24*
Greensburg	*179*	*55*	*30*
Huntingdon	*822*	*254*	*30*
Muncy	*173*	*13*	*7*
Pittsburgh	*879*	*285*	*32*
Rockview	*776*	*304*	*39*

Camp Hill and Muncy have remarkably low percentages of veterans because the former institution has a large percentage of juveniles and the latter is for women. Due to the nature of the security classification and the offender type for any institution, the incarcerated population at Muncy could be regarded as somewhat unique. Accordingly, the data collected on the 1,521 veterans was taken as a basis for stratified random sampling with proportional allocation. A flat 20% sample of the veteran population was chosen from each institution and estimates were made for the following:

(1) Percentage of dishonorable discharges

(2) Percentage of bad conduct, dishonorable and undesirable discharges

(3) Percentage of veterans who served in the Army

(4) Average number of months in active duty

(5) Average length of minimum sentence

(6) Average age group

(7) *Average grade level of education*

(8) *Percentage of blacks*

(9) *Number of prior offenses committed*

(10) *Breakdown of the offense types*

The statistical results are incorporated in tables 2 through 11. All results are based on a 99% confidence level.

A 100% sample was taken from each institution to gain information on the following:

(1) *Breakdown of military service by war era (See Table 12)*

(2) *Eligibility/non eligibility for GI Bill educational benefits in prescriptive planning (See Table 13)*

TABLE 2: DISHONORABLE DISCHARGE

INSTITUTION	*PERCENTAGE OF DISHONORABLE DISCHARGE*	*ERROR OF ESTIMATE*
Camp Hill	0	0
Dallas	8.0	.13
Graterford	3.9	.05
Greensburg	0	0
Huntingdon	4.0	.05
Muncy	0	0
Pittsburgh	3.5	.06
Rockview	1.7	.04
Entire Bureau Population	4.8	.22
Six Institutions (Except Camp Hill and Muncy)	3.1	0

TABLE 3: BAD CONDUCT, DISHONORABLE AND UNDESIRABLE DISCHARGE (BCD, DD, UD)

INSTITUTION	*PERCENTAGE OF BCD, DD AND UD*	*ERROR OF ESTIMATE*
Camp Hill	*44*	*.33*
Dallas	*20*	*.20*
Graterford	*26*	*.11*
Greensburg	*18*	*.33*
Huntingdon	*16*	*.05*
Muncy	*33*	*2.24*
Pittsburgh	*35*	*.15*
Rockview	*23*	*.13*
Entire Bureau Population	*26.8*	*.31*
Six Institutions (Except Camp Hill and Muncy)	*24.6*	*0*

TABLE 4: VETERANS SERVING IN ARMY

INSTITUTION	*PERCENTAGE OF VETERANS IN ARMY*	*ERROR OF ESTIMATE*
Camp Hill	*44*	*.37*
Dallas	*76*	*.21*
Graterford	*64*	*.13*
Greensburg	*64*	*.43*
Huntingdon	*52*	*.12*
Muncy	*67*	*2.46*
Pittsburgh	*58*	*.01*
Rockview	*63*	*.15*
Entire Bureau Population	*61*	*0*
Six Institutions (Except Camp Hill and Muncy)	*62*	*0*

TABLE 5: NUMBER OF MONTHS IN ACTIVE DUTY

INSTITUTION	MONTHS IN DUTY	ERROR OF ESTIMATE
Camp Hill	21	7.96
Dallas	28	7.58
Graterford	41	8.48
Greensburg	47	37.08
Huntingdon	32	6.89
Muncy	60	112.45
Pittsburgh	31	3.51
Rockview	28	4.63
Entire Bureau Population	33.2	.02
Six Institutions (Except Camp Hill and Muncy)	31.4	.02

TABLE 6: LENGTH OF MINIMUM SENTENCE

INSTITUTION	MINIMUM SENTENCE (in years)	ERROR OF ESTIMATE
Camp Hill	2.5	3.48
Dallas	3.7	1.29
Graterford	5.0	1.48
Greensburg	0.8	2.66
Huntingdon	4.0	2.33
Muncy	10.0	51.61
Pittsburgh	5.5	1.76
Rockview	2.5	1.57
Entire Bureau Population	4.0	0
Six Institutions (Except Camp Hill and Muncy)	3.8	0

TABLE 7: AVERAGE AGE

INSTITUTION	AGE (in years)	ERROR OF ESTIMATE
Camp Hill	24.2	4.50
Dallas	30.9	3.79
Graterford	37.3	2.85
Greensburg	30.7	7.03
Huntingdon	32.3	2.11
Muncy	46.3	74.24
Pittsburgh	36.0	2.55
Rockview	31.7	2.61
Entire Bureau Population	33.6	.01
Six Institutions (Except Camp Hill and Muncy)	31.9	.01

TABLE 8: AVERAGE GRADE LEVEL OF EDUCATION

INSTITUTION	GRADE LEVEL COMPLETED	ERROR OF ESTIMATE
Camp Hill	10.7	1.11
Dallas	10.3	0.86
Graterford	8.6	3.33
Greensburg	10.5	1.24
Huntingdon	10.0	0.48
Muncy	10.5	0.61
Pittsburgh	12.4	1.18
Rockview	10.0	0.63
Entire Bureau Population	10.7	0
Six Institutions (Except Camp Hill and Muncy)	10.7	0

In computing the average grade level in Table 8 above, the grade equivalence of the Wide Range Aptitude Test was used for those inmates who did not have any data pertaining to the grade level completed.

TABLE 9: PERCENTAGE OF BLACKS

INSTITUTION	PERCENTAGE OF BLACK VETERANS	ERROR OF ESTIMATE
Camp Hill	53	.35
Dallas	44	.25
Graterford	74	.12
Greensburg	27	.38
Huntingdon	36	.16
Muncy	0	0
Pittsburgh	46	.16
Rockview	33	.15
Entire Bureau Population	52	0
Six Institutions (Except Camp Hill and Muncy)	51.9	0

TABLE 10: NUMBER OF PRIOR OFFENSES

	Percentage of Inmates							
Number of Prior Offenses	Camp Hill	Dallas	Graterford	Greensburg	Huntingdon	Muncy	Pittsburgh	Rockview
None	93	52	29	100	68	67	69	57
1	0	24	24	0	10	33	9	12
2	0	8	15	0	10	0	19	8
3	7	8	2	0	16	0	11	10
4	0	0	8	0	0	0	4	3

(TABLE 10 CONT)

5	0	4	11	0	6	0	4	7
6 or more	0	4	11	0	0	0	4	3

TABLE 11: BREAKDOWN OF OFFENSE TYPES

Offense Type	Camp Hill	Dallas	Grater-ford	Greens-burg	Hunting-don	Muncy	Pitts-burgh	Rock-view
Assault	6	0	4	0	6	0	4	7
Burglary	40	28	23	19	18	0	16	13
Forgery	0	4	0	0	8	0	2	5
Homicide	12	12	29	0	22	67	36	10
Narcotics	0	4	3	18	6	0	12	10
Prison Breach	0	4	0	0	6	0	2	0
Robbery	18	32	31	0	16	0	20	21
Sex Offense	18	12	5	0	10	33	14	12
Theft	6	4	4	18	2	0	4	18
Vehicle Violations	0	0	0	18	2	0	0	2
Others	0	0	1	27	4	0	0	2

TABLE 12: BREAKDOWN OF MILITARY SERVICE BY WAR ERA

INSTITUTION	WWII		KOREA		POST KOREA PRE VIETNAM		VIETNAM		OTHER	
	N	(%)	N	(%)	N	(%)	N	(%)	N	(%)
Camp Hill - 83	2	(2)	4	(5)	10	(12)	61	(74)	6	(7)
Dallas - 143	10	(7)	12	(8)	27	(19)	82	(57)	13	(9)
Graterford - 384	42	(11)	47	(12)	91	(24)	169	(44)	35	(9)
Greensburg - 55	2	(4)	3	(5)	7	(13)	38	(69)	5	(9)
Huntingdon - 254	12	(5)	22	(9)	47	(18)	136	(53)	37	(15)

(TABLE 12 CONT)

Muncy - 13	2	(15)	1	(8)	2	(15)	5	(39)	3	(23)
Pittsburgh - 285	35	(12)	37	(13)	77	(27)	111	(39)	25	(9)
Rockview - 304	20	(7)	19	(6)	51	(17)	183	(60)	31	(10)
TOTAL - 1521	125		145		312		785		156	
PERCENTAGE OF TOTAL BUREAU POPULATION		8%		10%		20%		52%		10%
	WWII		KOREA		POST KOREA PRE VIETNAM		VIETNAM		OTHER	

TABLE 13

ELIGIBILITY/NON ELIGIBILITY FOR GI BILL EDUCATION BENEFITS IN PRESCRIPTIVE PLANNING

	Eligible		Eligible		Ineligible		Ineligible		Ineligible		Ineligible		Ineligible		Ineligibl	
Institution	Vietnam Service		Post Korea Pre Vietnam		Korean Service		Post WWII Pre Korea		WWII Service or prior		Less than general dis-charges (all wars)		Less than 181 days active duty (all wars)		Not sepa ted from military service c info not available	
	N	(%)	N	(%)	N	(%)	N	(%)	N	(%)	N	(%)	N	(%)	N	(%
Camp Hill	31	(37)	5	(6)	4	(5)	0	(0)	2	(2)	20	(24)	14	(17)	7	(9
Dallas	63	(44)	24	(17)	12	(8)	1	(1)	14	(10)	24	(17)	0	(0)	5	(3
Graterford	112	(29)	69	(18)	36	(9)	9	(2)	38	(10)	82	(22)	12	(3)	26	(7
Greensburg	28	(51)	7	(13)	2	(4)	0	(0)	3	(6)	4	(7)	7	(13)	4	(6
Huntingdon	89	(35)	33	(13)	16	(6)	7	(3)	10	(4)	49	(20)	21	(8)	29	(11
Muncy	2	(15)	0	(0)	1	(8)	1	(8)	3	(23)	4	(30)	1	(8)	1	(8
Pittsburgh	73	(26)	49	(17)	14	(5)	5	(2)	35	(13)	69	(24)	26	(7)	14	(5
Rockview	126	(41)	41	(13)	13	(4)	8	(3)	14	(5)	68	(22)	13	(4)	21	(7
Entire Bureau Population TOTAL	524		228		98		31		119		320		94		107	
Percentage of TOTAL Bureau Population		(35)		(15)		(6)		(2)		(8)		(21)		(6)		(7

TABLE 14

TYPES OF REQUESTS FOR ASSISTANCE

Request or Need	CAMP HILL N	DALLAS N	GRATERFORD N	GREENSBURG N	HUNTINGDON N	MUNCY N	PITTSBURGH N	ROCKVIEW N	TOTAL N
Institutional Skill Training/Education	49	175	378	34	206	8	59	131	1040
GI Bill Education Benefits (while incarcerated)	13	42	78	12	42	2	23	50	262
Post-Release Skill Training/Education	8	32	59	6	35	0	4	44	188
GI Bill Education Benefits (when released)	11	38	82	10	42	3	0	48	234
State or Federal Grants or Loans for Education (when released)	14	37	75	9	41	1	39	50	266
Emergency Assistance (family)	6	14	34	4	13	0	5	17	93
Discharge Review	22	31	53	4	60	2	25	50	247
Vietnam Bonus	3	6	23	3	9	0	1	10	55
Employment (when released)	12	31	70	7	50	1	8	39	218
Home Loan (when released)	8	28	50	8	38	1	12	49	194
Other (while incarcerated and when released)	11	10	66	9	27	2	22	37	184
TOTAL	157	444	968	106	563	20	198	525	2981

TABLE 15: FREQUENCY OF REQUESTS FOR ASSISTANCE

Number	Request or Need
1040	Institutional Skill Training/Education
266	State or Federal Granst or Loans for Education (when released)
262	GI Bill Education Benefits (while incarcerated)
247	Discharge Review
234	GI Bill Education Benefits (when released)
218	Employment (when released)
194	Home Loan (when released)
188	Post-release skill training/education
184	Other: while incarcerated and when released
93	Emergency Assistance (family)
55	Vietnam Bonus

6. GENERAL PARAMETERS OF VETERAN POPULATION

Tables 2 through 11 show the following general characteristcs of veteran-inmates:

(1) Only 4.8% have dishonorable discharges while 26.8% have bad conduct, or dishonorable, or undesirable discharges

(2) 61% of the veterans served in the Army

(3) On the average, a veteran served 33.2 months in service and has 4 years of minimum sentence

(4) On the average, a veteran is 33.6 years old and has a level of education between 10th and 11th grades

(5) 52% of the veterans are black

(6) On the average, burglary and robbery are the most prevalent offenses

(7) On the average, 64% had no prior offense, 14% are first offenders, 22% had 2 or more prior offenses

All these results are derived with a 99% confidence level, and except for Table 2, the error of estimate is virtually zero. Hence the facts above are highly reliable. Since the age level of the total (veteran and non-veteran) inmate population is nearly 27 years and the grade level is approximately 5th grade, clearly the veterans indicate a higher age level and more maturity in education.

A look at the last column (error of estimate) in each table shows that Muncy has relatively high amount of error. The reason is that Muncy is the only state correctional institution for women in Pennsylvania and only 7% (Table 1) of the population are veterans. Consequently, the sample estimates for Muncy are widely divergent from those at other institutions.

Table 12 shows the following characteristics of veteran-inmates:

(1) 52% are Vietnam era veterans

(2) 20% are post-Korean but pre-Vietnam era veterans

(3) 10% are Korean era veterans

(4) 10% are post-WWII but pre-Korean era, or not separated from military service, or information is not available

(5) 8% are WWII veterans (July 1946 was used as the WWII cut-off date)

Table 13 shows the following characteristics of veteran-inmates:

(1) 50% are eligible for Vietnam era GI Bill educational benefits; 35% are Vietnam era veterans while an additional 15% are post-Korean but pre-Vietnam era who are eligible under Vietnam era GI Bill

(2) 21% are ineligible for educational benefits because of a less-than-general discharge; this figure is based on a 100% sampling and varies slightly from the 20% sampling

(3) 8% are ineligible for educational benefits because they are WWII veterans

(4) 7% are ineligible for educational benefits because they are not separated from the military service or are temporarily considered ineligible because information is not available

(5) 6% are ineligible for educational benefits because they are Korean conflict veterans

(6) 6% are ineligible for educational benefits because they have served less than 181 days of active duty

(7) 2% are ineligible for educational benefits because they are post-WWII but pre-Korean conflict veterans

In Table 13 those veterans ineligible for more than one reason were counted only once beginning with the right ineligible column and working left.

7. VETERAN-INMATES ASSESS THEIR NEEDS

Six hundred and forty-three veteran-inmates attended small group benefits briefings organized and coordinated by PAVE in January, February, and March 1975. This was accomplished with cooperation from the Bureau of Correction, Department of Military Affairs-Bureau of Veterans Services, and Veterans Administration. This figure represents 54.4% of veterans incarcerated on the briefings days. Inmates filled out Veteran Request for Assistance (need assessment) Forms following the briefings. Results of this 54.4% sampling are incorporated in Tables 14 and 15.

Tables 14 and 15 show the following:

(1) Each inmate asked for assistance in approximately 4 - 5 categories of the request for assistance form.

(2) Institutional skill training/education was the most prevalent request; many inmates indicated first, second, and third preferences for training; requests totaled 1,040.

(3) Two hundred and sixty-six requested post-release state or federal grants or loans for education

(4) Two hundred and sixty-two requested to use GI Bill benefits while incarcerated

(5) Two hundred and forty-seven requested a review of military discharge

(6) One hundred and eighty-four requested assistance on individual problems which were indicated under "other" category.

After identifying veterans and completing initial benefits briefings and needs assessment the Pennsylvania Department of Military Affairs-Bureau of Veterans Services arranged personal follow-up counseling for more than 700 veterans in a wide variety of need areas. The Veterans Administration offices in Philadelphia and Pittsburgh assisted in this follow-up.

8. WHAT NEXT

As reported in Section 3, the primary purpose of gathering data on veteran-inmates is to assist them in taking advantage of veterans educational benefits.

Veteran-inmates will be encouraged to take advantage of educational benefits. In order to be eligible a veteran must meet the following three requirements:

(1) Separated from military service under honorable conditions

(2) Separated from service after January 31, 1955

(3) 181 days active duty or more

Participation in educational programs will not be restricted by grade level completed. In view of the statistical facts reported in Section 6, 50 per cent will be eligible for GI Bill educational benefits.

The monetary value of such benefits is quite significant: $270 per month for full-time instruction and $135 per month for half-time instruction. After meeting educational expenses, a veteran can save the balance of the monthly allowance. This could provide a source of support for the veterans family or be kept in trust to meet educational (or other expenses) upon release.

In order to insure the highest success of the project, corrections staff will be encouraged to give veterans fullest consideration for enrollment in institution secondary and post-secondary programs. Prison caseworkers are following-up to enroll veteran-inmates in requested education programs. Many will not begin until summer and fall, 1975. Follow-up is being documented. The goal will be to increase significantly veterans participation in educational programs.

The Pennsylvania Department of Education will develop curriculum guidelines to have non-college academic and vocational programs approved for veterans training. Instructional hours will have to be expanded to at least 12-15 or 25-30 hours per week. The Department of Military Affairs will provide maximum assistance to incarcerated veterans and veteran ex-offenders and will visit institutions on a bi-weekly basis. Early identification of the veteran at the time of incarceration will be implemented to include the GI Bill in prescriptive planning. Educational goals will be established for each veteran-inmate to meet while incarcerated.

Pennsylvania is probably unique in that it has initiated a joint project by the state Education, Correction and Military Affairs Departments and Veterans Administration in helping incarcerated veterans help themselves.

Chairman HARTKE. Our next witness is Ron Bitzer, coordinator of Swords to Plowshares, San Francisco, Calif. Please proceed.

STATEMENT OF RON BITZER, COORDINATOR OF SWORDS TO PLOWSHARES, SAN FRANCISCO, CALIF

Mr. BITZER. Mr. Chairman and members of the Committee. My name is Ron Bitzer and I am coordinator of Swords to Plowshares, a veterans rights organization based in San Francisco that works with veterans who have serious readjustment problems: Physical and psychological disabilities, bad discharges and prison records. In the midst of the 1974 battle over the GI bill for education, I wrote to Senator Hartke thanking him for his work and indicating to him that he is clearly the best friend Vietnam-era veterans have in Congress.

I am pleased to have the opportunity to enter comments at these hearings as one who has daily contact with people who are on the receiving end of Veterans' Administration programs and policies.

The task of this Committee is to examine the operation of the current GI bill program and to consider its future.

The GI bill has been particularly important to veterans who live in California. The number of veterans in school in California is reflected in the fact that more than 120 schools have veterans cost of instruction program offices. The San Francisco VA stated last year that more than 16 percent of the veterans in school receiving the GI bill were enrolled in California schools; this trend reflects among other conditions the lower tuition rates in California.

Some of the problems in the current GI bill were addressed by Mr. Rufus Wilson of the Veterans' Administration yesterday, and I would like to comment on the problems of overpayments and work-study.

Mr. Wilson explained that the VA has taken steps to reduce the number of overpayments that occur, but little discussion ensued about retrieving the money once the overpayment has occurred. Veterans tend to be more mobile than other segments of society; it is safe to say that abrupt changes in school attendance will continue with overpayments.

A veteran with an overpayment faces the prospect of the VA taking the full amount of the GI bill checks until the debt has been canceled. This procedure has the effect of discouraging the veterans from returning to school. Veterans would prefer to spread repayments over the months they intend to be receiving the GI bill. I have requested this procedure from the San Francisco VA; the response was that creation of the Centralized Accounts Receivable System in St. Paul renders this step more difficult. Each month a letter must be written to St. Paul requesting that part of the education benefits check be issued.

Swords to Plowshares knows veterans who are not returning to school because of the overpayment they face with the VA. As long as no arrangement can be reached, then neither the veteran nor the VA can gain from this impasse.

Mr. Wilson also discussed the work-study program which was expanded under Public Law 93–508. He stated, "We envision a great deal of work-study usage in terms of outreach services and other activities of the VA, and the increased efforts by other activities and organizations with which we share our mission. These groups encompass agencies of Federal, State and local governments, as well as recognized national and local organizations."

Outreach is indeed a worthwhile project for work-study; for example, the low participation of veterans in the loan program as described by Mr. Wilson yesterday suggests the need to make this resource better known. In San Francisco, however, work-study has been a pork barrel for the assistant director to reward people whom he favors and to deny support from groups that he opposes. Through written communications the San Francisco VA has made it known that Swords to Plowshares, the principal outreach group in San Francisco, is off-limits for any VA personnel. The fact that the VA does not recognize our organization for the purpose of representing veterans in VA hearings is the subject of the lawsuit Swords to Plowshares, Flower of the Dragon, and San Francisco Neighborhood Legal Assistance Foundation filed against the VA in Federal district court last month.

Apart from the difficulties we are experiencing with the VA, I endorse the broadest possible use of work-study projects. The GI bill needs to be supplemented and academic endeavors are complemented with work in other areas.

The future of the GI bill is in doubt in view of the statements of the President and the bills in Congress. Trends in the veteran and military populations suggest that termination of the GI bill would have serious and long-ranging ramifications for our country.

First, consider the people who are now entering the military. They are draftees. Not draftees in terms of conscription. They are draftees in terms of the chronic unemployment which falls so heavily on the poor Third World and white people of this country. For them the GI bill offers some freedom of opportunity to return to school when they are ready and financially able to do so. Do we want to deny this opportunity to those who see going into the military as a step up for them?

Second, consider the nature of the volunteer military. Disciplinary problems have not decreased from the era of the Vietnam war and conscription. Bad discharges are being given at the same rate and nonjudicial punishment has actually increased. For many, however, the honorable discharges with benefits has been a powerful incentive to put up with the military life. Indeed, one of the first training sessions I had pertained to the benefits of an honorable discharge. If future GI's have only the prospect of inadequate medical care from the VA to look forward to, will the volunteer military become more restive?

Third, look at the readjustment problems of the people who come out of the military. Unemployment has been much higher than the national average, although the GI bill is available. Without the GI bill more people will face the choice of either remaining in the "volunteer" military or running the risk of not finding employment on the ouside.

Finally, some study must be given to the impact of ending the GI bill for future veterans on the educational establishment. Consultation with schools could yield some alternatives to the present system of benefits. If some time is given to the study of the legislation the President desires, I submit that much more evidence will become apparent to show how successful the GI bill has been for so many people in this country.

Chairman HARTKE. Thank you, Ron. Anyone else who wants to submit material for the record may do so. We will keep it open for a short period of time in order to obtain additional views and comments.

Without objection, the Committee on Veterans' Affairs stand in recess, subject to call of the Chair. Thank you, gentlemen.

[Whereupon the hearings were adjourned.]

[Subsequently, the following written statement from the National Association of College Admissions Counselors was submitted for the record:]

STATEMENT FOR

THE NATIONAL ASSOCIATION OF COLLEGE ADMISSIONS COUNSELORS

by

Laura M. Trexler

732 9th Street, S. E.
Washington, D. C.

BEFORE THE

SUBCOMMITTEE ON READJUSTMENT, EDUCATION, AND EMPLOYMENT
COMMITTEE ON VETERANS' AFFAIRS
UNITED STATES SENATE

October 2, 1975

MR. CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE:

The National Association of College Admissions Counselors, an Institutional Membership Association representing High School Counselors and College Admissions Counselors welcomes this opportunity to present justification for continuation of G. I. Bill entitlements for future peacetime veterans.

This organization has a commitment to the counseling and guidance of the youth of this nation so that each individual shall have the opportunity to develop his skill and expertise to its full potential so that he may better serve his community, State and nation; to provide a smoother transition from the secondary school to a post secondary educational experience, whether or not it has been interrupted by military service.

Many qualified and well motivated students from the stable middle income families are unable to qualify for financial aid for post secondary education. Their parents have been thrifty, refrained from contracting a heavy indebtedness and responded honestly to the information requested on the Confidential Statement which is used to determine eligibility for financial aid. These young men and women have in the past, and continue, to interrupt their educational experience by enlistment for military service so that they may qualify for the educational benefits provided by the current Veterans Readjustment Assistance Act.

The G. I. Bill has served its purpose well. It has provided an opportunity for many of the veterans of World War II, the Korean War and the Vietnam Era to complete their education and develop leadership potential. There has never been a financial aid program that has benefitted so many and generated the financial return to our government that this program has. Statistical reports demonstrate a six to seven dollar return on each dollar thus invested. In contrast, there is no financial return on the investment in Unemployment Benefits or Welfare Payments.

We encourage each member of this Committee and the Congress to consider these factors before terminating one of this Countries most rewarding laws. (1) What effect will the termination of this legislation have on the voluntary enlistment of high school graduates at a time that our military is operating with sophisticated technological equipment? (2) Will this result in fewer enlistments, the loss of trained leadership and the need to train more new recruits resulting in a more expensive military training program? (3) Will it result in a disproportionate enlistment by high school drop outs, poor morale, and inefficient use of complicated and sophisticated weaponry? (4) What alternative program is available or developed to motivate and to provide a well trained, efficient and effective military for the defense of this Country?

Title 38-United States Code, Chapter 34-Veterans Educational Assistance, Sub Chapter I - Purpose, Definitions, Section 1651 states:

> "The Congress of the United States hereby declares that the education program created by this chapter is for the purpose of (1) enhancing and making more attractive service in the Armed Forces of the United States, (2) extending the benefits of a higher education to qualified and deserving young persons who might not otherwise be able to afford such an education, (3) providing vocational readjustment and restoring lost educational opportunities

to those servicemen and women whose careers have been interrupted or impeded by reason of active duty after January 31, 1955, and (4) aiding such persons in attaining the vocational and educational status which they might normally have aspired to and obtained had they not served their country."

This legislation provided educational and vocational opportunities to veterans, which has enhanced and made more attractive service in the Armed Forces. Veterans should be afforded readjustment benefits to assist in the transition from the military to civilian pursuits. However, since President Gerald Ford has fixed the termination date of the Vietnam Era for the purpose of certain veterans benefits by the Presidential Proclamation dated May 7, 1975 the extension of these benefits to men and women in the peacetime service should be clearly differentiated from wartime benefits.

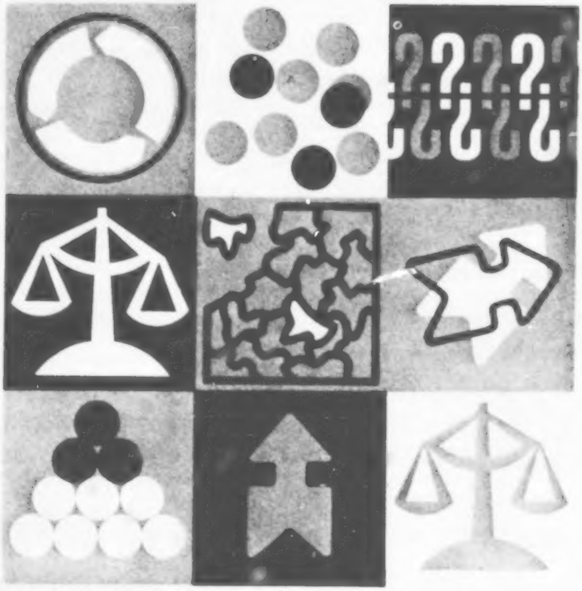
The National Association of College Admissions Counselors recognizes that the motives of those who choose to serve in the Armed Forces during times of peace are different from those who serve in wartime, especially since the United States has now initiated an all-volunteer military establishment for our national security. Therefore, it recommends and proposes for serious consideration the continuation of a post-service education benefit and suggests that the appropriation be identified as post-service educational benefits separate and distinct from wartime benefits.

Thank you for the opportunity to provide this testimony. The peacetime veteran will then be able to make his contribution through his leadership and committment to the same degree as his wartime counterpart.

[Subsequently, the following material concerning education was placed in the hearing record:]

2710

GATEKEEPERS IN EDUCATION:
A Report on Institutional Licensing



NATIONAL
ADVISORY COUNCIL
ON EDUCATION
PROFESSIONS
DEVELOPMENT

APRIL 1975

Gatekeepers in Education:

A Report on Institutional Licensing

from the

National Advisory Council on

Education Professions Development

April 1975

Room 308
1111 20th Street, N.W.
Washington, D.C. 20036

Members of the National Advisory Council on Education Professions Development, at the time this report was adopted on March 6, 1975, are listed below:

Lyle E. Anderson, Jr. (Chairman)
Dean
Ft. Lauderdale College of Business
and Finance
Ft. Lauderdale, Florida

Waldo R. Banks, Sr.
President
American Education Foundation
Carson, California

R. Creighton Buck
Professor of Mathematics and
Acting Director, Mathematics
Research Center
The University of Wisconsin
Madison, Wisconsin

Judy Ann Buffmire
Director
Rocky Mountain Regional
Resource Center
The University of Utah
Salt Lake City, Utah

Mildred M. Curtis
Registered Nurse
Minden, Nebraska

Helen G. Edmonds
Dean of the Graduate School
North Carolina Central University
Durham, North Carolina

Janet Erickson
Community Volunteer
San Marino, California

Thomas R. Hills (Vice Chairman)
Chairman, Junior College Division
Black Hills State College
Spearfish, South Dakota

Julia M. Jacobsen (Treasurer)
Coordinator of Government Relations
Lynchburg, Randolph-Macon Woman's,
and Sweet Briar Colleges
Washington, D.C.

Henry Lucas, Jr.
Lecturer
School of Dentistry
The University of California
San Francisco, California

Edward A. Medina
Assistant Professor
Department of Education
Eastern New Mexico University
Portales, New Mexico

Arnulfo L. Oliveira
President
Texas Southmost College
Brownsville, Texas

Hugo A. Sabato
Vice President
G.R. Hammerlein Agency, Inc.
Cincinnati, Ohio

Martin W. Schopomeyer
Professor of Education
The University of Arkansas
Fayetteville, Arkansas

Walter Tice
Classroom Teacher
Yonkers, New York

Staff of the Council:

George Arnstein
Executive Director

David Nichols
Assistant Director

Mary Dilworth
Research Assistant

Edythe Jacobs
Administrative Assistant

Preface

In the annual report of the Council, submitted on January 31, 1975, as required by law, we mentioned that we had two reports in preparation and hoped to have them available in the Spring of 1975. Gatekeepers in Education: A Report on Institutional Licensing is now ready, as scheduled, and presents our recommendations pursuant to a request by the Assistant Secretary for Education presented to the Council at its meeting on September 11,1974. In the context of education professions development, we are pleased to be able to identify a specific Federal role where there is a promise of cost-effective savings and improvements, in the larger context of State and local responsibility.

Copies of the report are now being distributed to interested Federal and State officials, to leaders in education; after our free supply is exhausted, the report also will be available through the ERIC system.

--Lyle E. Anderson
Chairman

April 1975

April 1975

Gatekeepers in Education:
A Report on Institutional Licensing

From the National Advisory Council on Education Professions Development

Not only are there abuses in American education, but there is evidence that the abuses are on the rise, or at least that there is increasing awareness that something should be done to protect educational consumers.

At the same time there is a strong tradition of state and local control of education. This puts into question any massive Federal effort to introduce and enforce standards of honesty and quality. Further, there is a continuing preference for educational pluralism, for diversity in higher education, for choices in postsecondary education; this makes it extremely difficult for any agency -- Federal, state, local, or voluntary association -- to establish standards, much less to enforce them.

Nevertheless, the fact remains that every American school exists by permission of the state (license), or by toleration of the state in the sense that some states have no adequate licensing laws or fail to enforce them. Accordingly we have diploma mills and high-pressure salesmen, fraudulent use of Federally guaranteed loans, administrators who have been run out of one state only to start over again somewhere else, school dropouts who still owe tuition, and graduates who cannot find the jobs they have been promised. To be sure, these conditions are not endemic, but they are sufficiently prevalent to call for countermeasures to protect students and also to prevent the diversion of Federal funds. Since the licenses permitting these schools to exist are the responsibility of the States, it is to the States that we ought to look for remedies, assisted by Federal funds.

The nonsystem of American education is a collaborative effort which involves several levels of government and relies heavily on voluntary standards. To point an accusing finger at the States is not very helpful, especially because the Federal interest may be said to be greater than that of the States. The Federal government has not done enough to alleviate or prevent existing problems.

In preparing this report, our Council had expected to recommend a Federal effort to strengthen the hand of the administrators and staff in the various State licensing agencies, including the State Approving Agencies. And this is what we recommend, relying on Title V of the Higher Education Act which calls for the strengthening of educational professions and their development -- the Education Professions Development Act.

More than that, however, our Council concluded that we need to rethink the larger problem of educational abuse. We need to formulate a collaborative new system in which state officials can do a better job, acting with private accrediting bodies, Federal officials, school administrators, and students -- all of whom have a stake in the integrity of American schools. It is this systems analysis and design which makes up the bulk of our report which then offers some specific recommendations on what Federal agencies can and should do to help themselves, the States, and all of American education.

The present system is not working because it seeks to rely on the work of accrediting bodies which are voluntary associations. Their purposes are not the same as those of the Federal agencies which must by law rely on them, thus the system is less than adequate. Educational abuses are on the rise; students are being defrauded, both financially and educationally. Fortunately, there is a rising chorus of alarm.

* The Federal Trade Commission, which has jurisdiction only over profit-seeking schools, has held hearings on how to stop abuses.[1]

* The Department of Health, Education, and Welfare is sensitive to the problem. Virginia Trotter, Assistant Secretary for Education, specifically asked this Council for our recommendations and thus provided the stimulus for this report.[2]

* The Education Commission of the States formed a Task Force to prepare a Model State Licensing Law,[3] and has now sponsored two conferences on consumer protection in postsecondary education.[4]

* The Veterans Administration has voiced concern over problems in the G.I. Bill of Rights; the Chief Benefits Director told Congress last year that correspondence schools are our "biggest problem."[5]

* The U.S. Commissioner of Education is greatly concerned over the rising default rate in the Guaranteed Student Loan Program. He has hired

a large number of bill collectors and hopes to keep defaults down to a mere 18.5 percent.[6]

* The Commissioner also arranged for a major study of eligibility; this culminated in Private Accreditation and Public Eligibility, a two volume report (October 1974) by Harold Orlans, Jean Levin, Elizabeth Bauer, and George Arnstein (Washington: Brookings Institution and National Academy for Public Administration).[7] We want to acknowledge our heavy reliance on this report for our understanding of the problem; our recommendations, on the other hand, are our own.

* The General Accounting Office has predicted that defaults in the GSLP may exceed 24 percent.[8]

* The Federal Interagency Committee on Education formed a Subcommittee on Consumer Protection whose report recommends a variety of needed reforms.[9]

* The clamor in the media, both popular and professional, is rising:

-- The Boston Globe ran a series of articles which was inserted in the Congressional Record and reprinted by the thousands.[10]

-- The Washington Post ran a four-part series of articles by Eric Wentworth, plus additional follow-up stories.[11]

-- American Education ran two articles by George Arnstein which described abuses but also noted the difficulties of dealing with them.[12]

-- The Reader's Digest, in June 1974, printed an article by

Jean Carper entitled "Career Schools Aren't Always What They Appear to Be."

-- The Phi Delta Kappan denounced diploma mills and focused on proposals to deal with abuses in proprietary schools.[13]

* Congress has held hearings on the subject:

-- The House Committee on Government Operations, Special Investigations Subcommittee, looked into proprietary schools and issued a report on them and recommendations in late 1974.[14]

-- The House Education Subcommittee chaired by Representative James O'Hara heard witnesses as to problems and suggested solutions, especially in student financial assistance programs.[15]

-- The Senate Subcommittee on Education, under Senator Claiborne Pell, asked several witnesses about accreditation and eligibility for Federal funding, and is still looking for a way to narrow eligibility to those schools which are "clean."[16]

In short, there are serious problems and they are becoming more visible. Competition among schools is also on the rise, thus raising the spectre of increasingly nasty practices involving a large number of Federally funded programs.

It is the rise in these programs which explains the Federal interest, and which supports our recommendations for several forms of immediate Federal assistance.

1. There is a Federal interest in combating fraud and abuses. They undermine our national well-being, our confidence in ourselves,

and weaken our confidence in law, orderly government, and the stability of society.

2. Federal funds are not being used for the purposes intended. When a grateful Nation enacted the G.I. Bill of Rights, it sought to make a monthly stipend available to veterans, not to have the money diverted into schools for bartenders,[17] correspondence schools with dropout rates as high as 90 percent,[18] or to sharp operators hiding behind quasi-educational trappings.

* When Congress passed the Federally Insured Student Loan Program, it intended the guarantee and the interest subsidy to help deserving students. The program has been exploited by salesmen on commission and by advertising brochures which deceive or distort. For example, some schools talk about high-paying jobs for computer programmers but actually offer courses for key punch operators at lower pay rates.

* When Congress enacted the Basic Opportunities Grants to help students pay for tuition, it did not envision the diversion of these and other Federal funds for the enrichment of self-annointed pseudo-educators, operating diploma mills while hiding behind some church affiliation.

3. As education becomes more innovative and flexible, it increasingly is open to use -- and abuse -- across state lines, thus providing a third dimension to the Federal interest, in this case the National interest to help the States work together in the accomplishment of better systems to help each other.

Again, in short, there is a Federal interest in keeping the education system open, flexible, honest and effective, under traditional state and local control. There also is a whole series of laws which prohibit Federal control or intervention. Here is just one example (Sec. 1782, Title 38 U.S. Code):

> No department, agency, or officer of the United States... shall exercise any supervision or control... over any State approving agency, or State educational agency, or any educational institution....

We affirm the responsibility of the States in education. We also note that every school in the United States exists by permission of the States. (The exceptions are noted only for the record: The various military academies, certain schools on Federal Indian reservations, and a few universities in the District of Columbia with Congressional charters.) It also follows that existing abuses are the responsibility of the States, sometimes attributable to nonexisting and obsolete laws, sometimes to weak laws, sometimes to weak administration, and sometimes to mere neglect. Further, the State responsibilities have been undermined by the private, voluntary accrediting bodies which (in all innocence) pursue their own purposes and have been used increasingly as indicators of quality and competence, by State and Federal officials alike, when their original purpose was not to be so used.

Without going into the weaknesses of the accrediting bodies at this time, we merely note that we agree with the Federal Trade Commission which said that the Federal government does not accredit schools or regulate their quality. Further, "if a school is accredited, it means that it meets the minimum standards required by a particular accrediting agency...."[19]

Similarly, the U.S. Commissioner of Education, charged by law with recognizing the accrediting bodies, nevertheless has acknowledged their shortcomings.[20] And the accrediting bodies sometimes feel exploited by State and Federal officials who want them to do things and to enforce standards which the accreditors do not wish to undertake or which they feel they lack the competence to assess.

Since our purpose, in this report, is not merely to point out shortcomings in the existing practices but to identify needed remedies, we need to describe, in very simple terms, just how the present system of accreditation, licensing, and eligibility works.

Eligibility for Federal Funds

Given the various Federal funding programs, the question arises how Federal administrators are to identify the good schools, the competent schools, the schools worthy of being eligible for Federal programs, as juxtaposed to the schools which should be excluded. One answer could be the establishment of a national Board of Eligibility (or some variation of this idea), but this has been resisted by the Congress and many education officials but not by all of them.[21]

Instead of some form of Federal approval, there are in operation at least two systems which are neither fully separate, nor fully merged, and which furthermore are somewhat competitive. A case could even be made that there are three systems, reflecting the intertwinings of the operations.

1. State Licensing: Every school, to be eligible for federal funding, must exist with the approval or by permission of the State. Normally we would say that it must have a state license, but in practice most state laws have so many exceptions, and so many loopholes, that the wording must be as awkward as it is here: The school must exist by permission of the State. In practice, this means that a school which has its license revoked, also will or should have its Federal eligibility revoked. Unfortunately there is no effective communication system, no clearinghouse, so that revocation does not always lead to prompt cancellation or suspension of eligibility. Because State licensing tends to reflect minimum standards, a kind of permit to exist at some minimal level, there have arisen two additional systems to determine quality: Accreditation and State Approval (for veterans).

2. Accreditation: This single word hides within it several different concepts and arrangements. There have been a few accrediting associations which were set up to deceive. They are intended to look legitimate: since accreditation is a private, voluntary matter, there is nothing much that can be done about them, although some have been abolished by court order.

In order to identify at least some of the more effective and reputable accrediting associations, the U.S. Commissioner of Education is charged by law to "recognize" them. Here is the exact wording:

> . the Commissioner of Education shall publish a list of nationally recognized accrediting agencies and associations

> which he determines to be reliable authority as to the quality of training offered by an educational institution....
> (38 USC 1775, emphasis added)

When educational administrators speak of recognized accrediting bodies, this is normally what they have in mind. On the other hand, the reputable National Commission for Accrediting, housed at One Dupont Circle in Northwest Washington, also recognizes accrediting associations, and the NCA list is similar to the Commissioner's list, but it is not identical. (NCA, on January 1, 1975, merged with Federation of Regional Accrediting Commissions for Higher Education (FRACHE), to form the new Council on Postsecondary Accreditation (COPA), which also recognizes accrediting bodies.)

Within the recognized accrediting bodies there are two major groupings: The regional associations which make up FRACHE perform institutional accreditation. This means that the entire college is accredited; it does not mean that all of its departments are equally good, just that the school as a whole meets the standards of the regional accrediting body.

On top of regional, institutional accreditation, there also is specialized accreditation, normally conferred by a specialized body which will accredit a specialty or department only if the college as a whole has previously been regionally accredited. Examples are the American Psychological Association or the National Council for Accreditation of Teacher Education (NCATE).

Vocational schools and business schools may apply to become members of such accrediting bodies as the National Association of Trade and Technical Schools or the Association of Independent Colleges and Schools (formerly the United Business Schools Association), or other specialized bodies which, if they are recognized by the U.S. Commissioner, makes the schools and their students eligible for Federally funded programs. Proprietary schools -- i.e., schools organized to make a profit -- compete for accreditation in many fields, especially in the vocational and home-study sector.

Accreditation, even when performed by an association recognized by the U.S. Commissioner, is not necessarily an indicator of quality, no matter how many students, parents, high school counselors, and newspaper columnists adhere to a different opinion. The confusion derives from the historic beginnings of accreditation, when the associations in fact sought to inspect for quality. Over the years that concept has changed, however, and the accrediting bodies now seek to determine whether each school is making satisfactory progress toward its goals. More than one critic has ridiculed this procedure by a *reductio ad absurdum*: This should mean that a diploma mill which openly states that its goals are to make money and to satisfy customers with educational pretensions, should be accredited if it sucessfully progresses toward its goals.

In fact, the Federal Trade Commission advises students applying for proprietary schools that accreditation is not a reliable indicator of quality; the Congress has instructed the Veterans Administration and its approval system that it may rely on accreditation but need not do so.[22]

Most accrediting bodies will admit that they lack the funds, the staff, and the scope to inspect truly an entire school, its staff, facilities, budget, finances, and then render a timely and well-rounded verdict.

The problem with private voluntary accreditation is not that it is being done badly, but rather that State and Federal officials need some kind of a judgment in the absence of an inspection and rating staff of their own. Federal officials have no such staff, and many states do not have an effective one.

3. State Approvals: Recognizing the shortcomings of private, voluntary accreditation, the Veterans Administration spends about $10 million a year in an effort to assure the integrity of its educational programs for veterans which cost more than $2 billion in recent years. The system is mandated by law and calls for the Governor of each State to appoint a State Approving Agency whose job it is to review every course as to its eligibility for veterans benefits.

Given the thousands of courses in every state, the State Approving Agency may rely on accreditation as an alternative, despite the fact that accreditation is institutional (or departmental) and the State Approving Agency is supposed to review every course.

What is interesting about the SAA/VA system are the following points:

* It is operated by State officials but under Federal contract and reimbursement from the Veterans Administration.

* It reflects a lack of confidence in the State licensing system.

If State licenses were effective, as indicators of quality and probity, there would be no need for the redundant State approval system.

* It reflects a lack of confidence in the accrediting bodies, even though they have been recognized by the U.S. Commissioner as providing assurance of quality of the schools they accredit. If accreditation were reliable, there would be no need to leave discretion with the States whether to rely on accreditation or not.

* The SAA/VA system does not prevent abuses and fraud, as shown by the continuing problems of the Veterans Administration. Admittedly the system works better today than it did in the late 1940's when things got so bad that the Congress and the President of the United States called for urgent improvements.[23]

* In some States, the licensing and approval functions are combined, with the same staff performing both functions. State decisions, within limits, are then verified by the Veterans Administration through so-called compliance visits. The State/Federal combination has its limits, because the Federal inspectors confine their work to administrative matters, carefully observing the prohibition against Federal control of education (meaning content, curriculum, etc.).

* Finally, when we analyze SAA/VA system through every appeal and review procedure, we wind up with a Federal determination of eligibility: The Administrator of Veterans Affairs has the last word regarding approval and eligibility. We add hastily that we know of no abuses of this authority but we do note that the decision is Federal, in accordance with the law and with V.A. regulations.

4. To close the loop; State licensing laws are heavily intertwined with accreditation. In many States, a college which is regionally accredited is exempt from licensing; i.e., the State relies on a private body for its determination of standards. Florida is an example of this. In California, there is not only a similar exemption, but the licensing standards actually derive from accreditation. According to Section 29077 (a) 2 of the Education Code, the Superintendent of Public Instruction is to make sure that his licensing staff satisfies itself that the non-accredited college is of a caliber essentially equivalent to the standard exacted by the private accrediting bodies. It is ironic that some accrediting bodies may put a school on probation, or may put conditions on its renewal or extension, while the state, which relies on accreditation, may be totally ignorant of such limitations.

We know of cases where a school had its accreditation revoked, while its license (or exemption from licensing) continued. Conversely, we know of schools which had been enjoined from certain abuses under court order, while Federal eligibility continued. In still other cases, State officials clamped down under a new licensing law, while some schools closed and other merely moved to another state.

Each State, each accrediting body, and most State approving agencies could be operating at great effectiveness and with great diligence, but lacking a national clearinghouse and open accountability, the abuses sometimes merely move across state lines. It is against this defect that the Denver Conference (March 1974, convened by the Education Commission of the States) called for the establishment of a national clearinghouse to exchange relevant information.[24]

The Need for Federal Leadership and Support

Laws, regulations, and site visits all depend on human beings. They, in turn, must have competence and dedication, as well as funds and political support to carry out their assigned functions effectively.

In the case of State licensing staffs, the gatekeepers of American education have been neglected and there is no systematic body of knowledge on how to license and approve schools. For example, we know of no American university which offers a course in techniques of site visits (which is a polite way of saying inspections), of licensing and accreditation. Similarly, we know of no major effort to develop better techniques, to train licensing staff, to design better systems, to develop indicators of quality, and all of the related subjects.

There have been some scattered efforts, including the work of Leland Medsker at the University of California, of Wellford Wilms under the sponsorship of the National Institute of Education, and of Harold Orlans and his colleagues at the Brookings Institution and the National Academy of Public Administration. Similarly, the Southern Association of Colleges now runs summer workshops for the chairmen and some members of visiting teams, while the New York State Department of Education has a training course for visitors to technical schools and two-year colleges. Further, the V.A. has made some recent efforts to run training sessions for SAA staff, while the annual meeting of the National Association of State Approving Agencies includes some sessions where members exchange information and techniques.

What these scattered efforts lack is a common focus, effective linkage, and the funds needed to provide staff training. Our Council, under the heading of education professions development, recommends the use of Federal funds to bring about needed improvements in the staffing, training, and effectiveness of these gatekeeping functions, especially because weak licensing efforts defeat the efforts of thousands of competent teachers and students who may be relying on illusory criteria of quality.

Toward a Self-Enforcing System

Given the fragmentation of the various Federal efforts, the compartmentalization of the States, the separate existence of the private accrediting bodies, it is not surprising that abuses continue. Worse yet, where they are known to exist, there is little effective enforcement or countermeasures, reflecting to a great extent the finding by Virginia Knauer, Director of the Federal Office of Consumer Affairs, who told a national conference in Knoxville that nobody is in charge of protecting the educational consumer.[25]

If nobody is in charge, it follows that nobody is taking effective steps to eliminate the undesirable schools and their administrators, even though an occasional warning or revocation may give the illusion of enforcement. If nobody is in charge, it could also be concluded -- and we emphatically do not so conclude -- that there is a need for some kind of a central enforcer, assisted by a phalanx of school inspectors.

Since we seek neither central supervision and control, nor a large number of inspectors representing several different Federal agencies, we look to a reform of the system in such a way that it will be as nearly self-policing and self-enforcing as possible. An example of a self-enforcing law is the issuance of license tags for automobiles, with annual expiration clearly noted. These tags make it possible for every police officer to spot an offender, for every citizen to point an accusing finger and, because the system is so nearly self-explanatory, provides major incentives for automobile owners to observe the law by timely purchases of their annual license plates (or renewal stickers).

In our search for a comparable system for providing educational quality and probity, we identified these criteria for a largely self-enforcing system:

1. Information and Disclosure: Schools and colleges must publish the standards and rules according to which they operate. Participation in this disclosure program should be voluntary, but there will be major incentives to participate by linking eligibility for all Federal programs to full disclosure. If schools have a policy of no refunds, they ought to say so clearly and openly, thus avoiding complaints from students who think they have refunds coming. If they offer a liberal education, the goals should be stated openly, and if they provide a narrow job-oriented offering, possibly without such "frills" as counseling and placement services, let them disclose this openly.

Adequate disclosure and ready access to school policies will enable the student to complain or seek redress.

2. Redress of Grievances: Complaints, however, do not serve much useful purpose if the student does not know where to address his

complaint, or if there is no agency with the power to investigate the claim and then, if warranted, to do something about it.

We suggest that the State licensing authority may be the right place for the receipt of complaints, with a competent staff to keep track of complaints statistically; further, to effect redress of grievances or to suspend or revoke the license of the school, in order to put some muscle behind the license.

It is our hope that the system will serve to prevent complaints in the first place, that the system will be largely self-policing and enforcing, but this will happen only if there is some ultimate enforcement and penalty in sight, including the revocation of eligibility for Federal funds.

3. Intermediate Steps: We visualize a series of intermediate steps in making this new system more effective. It should start quickly, although the early list of items to be disclosed by the schools may well be imperfect and incomplete.

Because this area of licensing and standard-setting has been neglected, the state of the art is relatively primitive. This explains in turn why some of the personnel now performing licensing and related functions are working at often nonprofessional levels.

We urge Federal support to underwrite five areas of activity which will help to make the proposed system work more effectively, will save Federal funds now being diverted to fraudulent and unintended purposes, and will help to professionalize a group of practitioners who operate largely on the basis of improvisation rather than a base of knowledge.

There is no useful estimate as to the size of the wasted Federal funds, or the amount of diverted Federal dollars. What is known is that the default rate under the Guaranteed Student Loan program was "much too high" even before the emergence of the economic recession. There is widespread agreement that the defaults were largely attributable to willful abuse, to exploitation, although economic hardship is now an increasing factor. Federal budget requests to cover the defaults have been rising; for FY 1975 they rose from $89 million to $115 million.[26]

4. Staff Development: Not only do we recommend that the system be redesigned so as to be largely self-policing, but we also recommend a focused effort to develop the competencies and performance of those persons charged with operation and safeguarding and improvement of the system. We include here the State licensing staffs, State approving agencies (which in some states are the same as the licensing staff), Federal officials charged with institutional eligibility, and the participants in the private, voluntary accreditation enterprise.

In too many cases today, the State licensing and State approval staffs suffer from neglect. The State approving agencies often lead more or less separate lives, while actual site visits are performed by essentially untrained amateurs: a dentist, for example, probably is expert in the matter of dental technicians, but unskilled in his capacity as inspector of educational, administrative and fiscal aspects of an entire institution.

Accrediting teams are made up of subject-matter specialists who are in most cases untrained in those areas where educational abuses abound: false promises, misleading advertisements, shady fiscal arrangements, diverted loans, and all of the other collisions which occur between the interests of two or more different parties.

5. Students as Monitors: To the extent that there are abuses and fraudulent practices, they reflect the conflicting interests of students (who are exploited) and administrators, who seek to make a profit and, in some nonprofit schools, seek to make the school grow, or at least, to keep it from going under. Students are the transients while the administration is more or less permanent. Students are individual purchasers of services while the administration is a single purveyor. Students, in short, are at a disadvantage, especially because too often they cannot even learn what their rights are and how to secure them.

The remedy thus lies in a commonly shared list of public disclosures. By providing the fullest possible information to students, they can assert their rights, they can object if they are promised modern tune-up equipment in a class for auto mechanics but actually are taught on equipment which is demonstrably obsolete. Students, on their own, can assert their own rights, but only if they know what they have been promised. Students can discharge many of the functions theoretically assigned to visiting teams, licensing staff, and others, always provided that they have access to full information to be disclosed by the schools.

Further, students need to know where to file a complaint, where to seek redress. Without such knowledge, they can assert their rights only with great difficulty. It is in this context that we visualize the students as the cornerstone of a self-enforcing system based on adequate disclosure of what the school promises and how it operates, plus the knowledge that the student can seek redress.

In practice, we hope that the system will operate in such a way that the schools will provide no reason to complain, that the schools will openly proclaim what their goals are, how they operate, thus providing the student with a clear choice between a proprietary school which claims no frills, not even counseling services, as juxtaposed to a course of study at a competing school which may take longer but may also include a larger range of services.

The intent of our proposed system is not to multiply complaints but to obviate them.

Five Areas for Federal Support

As indicated earlier, there are several areas of Federal interest in designing a system which will be more honest, and which will give greater evidence of educational quality (which, in turn, may be defined in a variety of ways). This system, however, will not come into being by itself but will require continued leadership along the lines well begun by the Federal Interagency Committee on Education (FICE) under the chairmanship of the Assistant Secretary of HEW for Education.

Concurrently, we recommend the establishment of a Center (by whatever name) to be operated by a nonprofit organization with five very specific assignments. The Center could be entrusted, for example, to the Education Commission of the States; it could be funded by several Federal agencies or by a single agency. Its purposes would be to help create a system which would be synergistic rather than fragmented, essentially free of Federal control, but organized in such a way that schools would find it desirable to operate under rules of full disclosure and clearly defined rules.

The Center, which would quickly cost several millions of dollars per year (after an initial development grant of, say, half a million dollars for the first year), should cover five areas worthy of Federal support:

1. Technical assistance to the States: The idea here is not so much to bring in "experts" but rather to help State officials to meet, to compare experiences, to share successful techniques, and thus to help each other, assisted by the staff of the Center.

2. Development of evaluation tools and techniques: Out of shared experiences the Center would design, test, and publish checklists, tools, techniques, handbooks, to help State licensing and Approving Agencies do a better job. For example, current Federal law says that the State Approving Agency shall ascertain that a school's administrators, directors, owners, and faculty are "of good reputation and character." (38 USC 1776, c,12). Since it is difficult to ascertain such reputation,

the States typically disregard this requirement and a shady operator may leave one state in order to set up a new corporation in the next state. The Center would devise techniques to deal with this type of problem.

3. Establishment of an information clearinghouse: At the March 1974 meeting on consumer protection in postsecondary education (sponsored by the Education Commission of the States, the Federal Interagency Committee on Education, and other agencies including the V.A.) the conference report emphasized the need for a clearinghouse of information, for a sharing of data between state agencies, Federal agencies, private bodies (like accrediting agencies) and among the States.

4. Evaluation and research: There is increasing interest in enhancing honesty and quality in education, but there is not enough evaluation and research of current licensing and accrediting activities. Very little is known; the V.A., under the law, tends to support traditional methods and educational structures, in part because it lacks knowledge and evidence permitting it to encourage change and approval of innovative practices. Obviously a research and demonstration effort will help improve regulatory efforts.

5. Staff Development and Training: The State Approving Agencies now operate an annual workshop in Washington which enjoys indirect V.A. support, in part because the V.A. authorized the use of Federal contract funds for this type of travel and subsistence, and also because the V.A. provides speakers and resource persons. The State licensing staffs get

no Federal help at all, except for general funds under Title V of ESEA.[27]

In addition, at the instigation of the Director of Benefits, the V.A. Education and Rehabilitation staff held a series of training sessions during 1974.

These efforts, though positive, lack continuity; they also would benefit from administration through an agency which is neither Federal nor State, thus offering less of a threat to either party.

The shortcomings of presently employed staff in many of the State licensing and approving agencies are well known, can be documented, and call for major improvements. The idea is not to find blame; the idea is to benefit all students. First we need to reform the system; and then we need to help the gatekeepers to operate the system in the public interest. And that is why our Council calls for the professional development of the institutional gatekeepers.#

FOOTNOTES

1 Federal Trade Commission, Notice of Public Hearings, Federal Register, August 15, 1974, 39 F.R. 29385.

2 Meeting of the National Advisory Council on Education Professions Development, September 11-13, 1974, Washington, D.C.

3 Model State Legislation - Report of the Task Force on Model State Legislation for Approval of Postsecondary Educational Institutions and Authorization to Grant Degrees, Report Number 39, Education Commission of the States, June 1973.

4 First Conference on Consumer Protection in Postsecondary Education, March 18-19, 1974, Denver, Colorado; Second Conference on Consumer Protection in Postsecondary Education, November 14-15, 1974, Knoxville, Tennessee.

5 Odell W. Vaughn, in testimony before the House Subcommittee on Education and Training of the Committee on Veterans' Affairs, September 25, 197[illegible].

6 Testimony before the Subcommittee on Education of the Senate Committee on Labor and Public Welfare, Wednesday, September 18, 1974.

7 Private Accreditation and Public Eligibility by Harold Orlans, Norma Jean Levin, Elizabeth Bauer, and George Arnstein, is the result of a study at the Brookings Institution and the National Academy for Public Administration under a contract with the U.S. Office of Education.

This report will be published in abbreviated form by Lexington Books in May 1975. The full, two-volume version (October 1974) is available through the ERIC system, microfiche or printout. A limited number of multilithed copies are available through the National Academy for Public Administration.

8 Speech by Virginia Knauer, Special Assistant to the President for Consumer Affairs, at the Second National Conference on Consumer Protection in Postsecondary Education, November 14, 1974, Knoxville, Tennessee.

9 A Federal Strategy Report for Protection of the Consumer of Education, Federal Interagency Committee on Education, Subcommittee on Educational Consumer Protection, September 18, 1974.

10 Congressional Record, Washington, D.C., Thursday, April 4, 1974, reprinted from Boston Evening Globe, March 25, 1974 et seq.

11 Eric Wentworth, "The Knowledge Hustlers," The Washington Post, June 23-28, 1974.

12 George Arnstein, "Ph.D., Anyone?" American Education, Volume 10, Number 6, July 1974; "Bad Apples in Academe," American Education, Volume 10, Number 7, August/September 1974.

13 Stanley M. Elam, Editor, "Nova, as in Innovate;" Morland, Richard B. "The External Doctorate in Education: Blessing or Blasphemy?" Phi Delta Kappan, Volume 55, Number 3, November 1973; Also, Arnstein, George, "Accreditation, State Licensing and Approvals: Why is the System Not Working?" Volume 56, Number 6, February 1975.

14 Hearings before a Subcommittee of the House Committee on Government Operations, July 16, 17, 24, and 25, 1974; "Reducing Abuses in Proprietary Vocational Education," a report by the House Committee on Government Operations, December 30, 1974.

15 Testimony before the Special Subcommittee on Education of the House Committee on Education and Labor, July 25, 1974.

16 Hearings held September 11 and 12, 1974.

17 Ineligible under the G.I. Bill of Rights since 1952 when Congress rewrote the law and eliminated many abuses.

18 "Most Veterans Not Completing Correspondence Courses -- More Guidance Needed from the Veterans Administration," Report of the Comptroller General of the United States No. B-114859, March 22, 1972, p.9.

19 Federal Trade Commission, Consumer Bulletin No. 13, U.S. Government Printing Office: 1973, p.9.

20 Peter Muirhead, Deputy Commissioner for Postsecondary Education, on July 17, 1974, testified before the Special Subcommittee of the House Committee on Government Operations regarding difficulties in determination of eligibility:

> "The objectives of some of the accrediting organizations occasionally are not targeted fully on broader public or social goals. Under present regulations, there often is nothing that can be done when such unfavorable impact occurs...." (p.20)

21 Cf. the socalled Newman Report, Report of Higher Education, U.S. Department of Health, Education, and Welfare, Washington, D.C.: 1971; and Private Accreditation and Public Eligibility, by Harold Orlans et al.

22 38 USC, 1775.

23 For details, cf. Educational Assistance to Veterans: A Comparative Study of Three G.I. Bills, Princeton: Educational Testing Service, September 1973. Reprinted by the Veterans Affairs Committees as Senate Committee Print No. 18, and House Committee Print No. 81, Sept. 1973.

24 The Report of the National Invitational Conference on Consumer Protection in Postsecondary Education, Report No. 53, (Denver, Colorado: Education Commission of the States), June 1974.

25 The Report of the Second National Invitational Conference on Consumer Protection in Postsecondary Education is being edited by the Education Commission of the States (Pending, 1975).

26 Testimony, June 4, 1974, before the Senate Subcommittee on Appropriations for FY 1975, presented by Edward T. York, Acting Deputy Commissioner for Management. The quotation is from Peter Muirhead, Deputy Commissioner for Postsecondary Education, pp. 2755 ff. Hearings, Part 4, 93rd Congress, Second Session.

27 Murphy, Jerome. Report to USOE, Grease the Squeaky Wheel, (Lexington: 1974).

TOWARD A FEDERAL STRATEGY FOR PROTECTION OF THE CONSUMER OF EDUCATION

Federal Interagency Committee
on Education

JULY 1975

THE FEDERAL INTERAGENCY COMMITTEE ON EDUCATION

Toward A Federal Strategy
For Protection
Of The Consumer of Education

Report of the Subcommittee on Educational Consumer Protection

JULY 1975

U.S. Department of Health, Education and Welfare
Office of the
Assistant Secretary for Education
Washington, D.C.

Federal Interagency Committee on Education
Subcommittee on Educational Consumer Protection

John R. Proffitt, Chairman*
Office of Education

Bureau of Indian Affairs
Elizabeth Holmgren

Civil Service Commission
Edward F. Pinney

Department of Defense
Leon McGaughey

Department of Health, Education and Welfare

Office of the Assistant Secretary for Education
*Paul Shapiro

Office of the Assistant Secretary for Human Development
Edward I. Farley, Jr.

Office of Consumer Affairs
*Sandra Willett

Office of Education
Marion Craft
Lenora Mallory
Howard A. Matthews
*Ronald S. Pugsley

Health Resources Administration
Joseph Kadish

Department of Housing and Urban Development
Melvin Wachs

Department of Justice
Carl Hamm

Department of Labor
Howard Rosen

Department of Transportation
*Mervin K. Strickler

Federal Trade Commission
Robert Belair
Richard C. Foster
*Steven D. Newburg-Rinn
Herb Ressing

General Services Administration
Mary Arsenoff

National Science Foundation
Lyle W. Phillips

Postal Service
Al Reston

Veterans Administration
Myron Wolowitz

*Members of the Steering Group

TABLE OF CONTENTS

Page No.

FICE Subcommittee on Educational Consumer Protection ii

Foreword iv

Summary and Major Recommendations 1

Chapter I - Background, Purpose of the Report and A Vocabulary of Terms 8

Chapter II - Federal Responsibilities 17

Chapter III - Role of Non-Federal Agencies 35

Chapter IV - Issues and Implications 40

Chapter V - Recommended Principles and Action Steps--Federal Strategy 48

APPENDIX

I Members, Federal Interagency Committee on Education 59

II Variations of Eligibility Postsecondary Vocational Schools 1971 (Table) 60

III Variations of Eligibility Higher Education 1972 (Table) 61

IV Draft suggestions by the FICE Subcommittee on Educational Consumer Protection for Educational Complaint Guides 62

Foreword

The educational activities of Federal agencies tend to be fragmented because of the decentralized nature of American education. With a view toward achieving better coordination and providing advice to the Secretary of Health, Education, and Welfare concerning educational policy and procedures, the Federal Interagency Committee on Education was created by Executive order in 1964. The Committee has been in operation since that time; the Presidential order was reissued as Executive Order No. 11761 on January 17, 1974.

Chaired by the HEW Assistant Secretary for Education, Virginia Y. Trotter, FICE represents the 30 major Federal agencies and departments administering educational support programs. (See Appendix I for list of FICE members.) Its operational organs consist of 11 subcommittees devoted to critical educational issues. One of the most important of these is the Subcommittee on Educational Consumer Protection.

Created in 1972, to improve coordination among agencies, and to study the major problems and issues confronting the educational consumer (defined as the student), the Subcommittee is chaired by John R. Proffitt, Director of the Accreditation and Institutional Eligibility Staff in the United States Office of Education. Sixteen Federal agencies are represented on the Subcommittee.

Initial activities of the Subcommittee included a review of the efforts of Federal agencies in the emerging field of educational consumer protection with a view toward improving coordination. They also included the building of linkages with non-Federal organizations. One of the most successful of these was the support of efforts of the Education Commission of the States (ECS) which had created a task force in 1973 to draft model State Legislation for use in regulating postsecondary educational institutions. The Subcommittee was also successful in obtaining multi-agency support for two invitational conferences on educational consumer protection organized by the Education Commission of the States and held in Denver, Colorado, during March 1974, and Knoxville, Tennessee, in November 1974. The model State legislation, as well as other aspects of protection for the educational consumer, were deliberated by representatives of Federal and State agencies, academic institutions, student and consumer groups and others concerned with educational consumer protection. Proceedings and recommendations from both conferences were published by ECS and distributed widely.

As a direct result of the report of FICE on the recommendations of the Denver conference, the Subcommittee was charged by FICE to prepare a strategy paper dealing with the Federal role in educational consumer protection. This report, Toward A Federal Strategy for Protection of the Consumer of Education represents the findings and recommendations of the Subcommittee.

The initial draft of the report was prepared under contract by Mr. George Arnstein with the assistance of Ms. Kim Krekel. A small steering group of the Subcommittee refined the draft and prepared the recommendations. Ms. Alison Kirkpatrick of the AIE Staff, USOE, served as staff assistant to the Subcommittee. The report was typed by Ms. Mary Cox of the FICE staff.

In addition to an executive summary and recommendations, the report includes a statement of purpose, a review of Federal responsibilities in protecting the consumer of education, and analysis of the issues and implications of improving protection for educational consumer, and some recommended principles and action steps recommended for adoption by Federal agencies.

Bernard Michael
Executive Director
Federal Interagency Committee
on Education

July 1975

TOWARD A FEDERAL STRATEGY FOR PROTECTION
OF THE CONSUMER OF EDUCATION

Summary and Major Recommendations

Chapter I cites major consumer abuses, discusses their effect, and outlines the type of Federal actions considered by the Subcommittee. It also offers a helpful definition of terms such as "licensing," "accreditation," and "eligibility," which are too often confused and used interchangeably.

Chapter II outlines current Federal efforts to protect the educational consumer, and moves briefly through the positive aspects and shortcomings of several major agencies. The general picture shows that Federal efforts in protecting the student consumer are under way, but have yet to achieve a fully developed thrust. Policies are largely reactive. Information provided to the student is inadequate. Safeguards against outright fraud and simple abuse are weak. Few agencies have systematic procedures for handling complaints from students and parents, or for redressing valid claims. Coordination between Federal agencies is at an embryonic stage, and the educational community itself has not activated consumer protection concepts or mechanisms where consumer problems exist. Among the Federal departments and agencies, the response to educational consumer problems varies considerably.

Chapter III focuses upon the current roles of the States, accrediting agencies, and consumer agencies. It notes the importance of, and positive developments in, effective State licensing activities.

It cites the central role of the voluntary, private accrediting bodies to create consensus on norms and standards, and to help set State and Federal standards. It cites potential resources for the protection of educational consumers that will have to be employed if linkages between educational agencies and consumer organizations are to be strengthened.

Chapter IV poses several questions:

1. What should be the Federal effort in protecting educational consumers? The discussion outlines the existing tension between the deep-rooted opposition to Federal intervention in educational administration versus the obvious responsibility of Federal officers to reduce exploitation of Federal programs and their beneficiaries.

2. Who is to provide Federal leadership? The subsection underlines the need for greater Federal coordination and for aggressive and coordinated Federal leadership.

3. How should the Federal "delivery system" respond to consumers and how should it handle complaints at the Federal level? Students with educational consumer complaints have no organized and publicized redress mechanisms.

4. What is the proper role of the accrediting agencies? There is heavy reliance by the Federal government on accrediting agencies and associations to assure quality. If the accrediting process is an indicator of quality, we need to better comprehend the limitations and assets of this process as it relates to protecting the educational consumer.

5. What is the proper role of the States? We now rely on the States to provide minimum compliance with approved standards. The question is whether the responsibilities of the States can and should be strengthened so that their criteria can become more meaningful indicators of quality.

Recommendations

Chapter V lays down four major principles and accompanying action steps as the foundation for a proposed Federal strategy in behalf of educational consumers. The principles are stated below. Outlined with them are the more significant action steps which attend each principle.

Principle I: The student is the primary consumer of educational services. As a result of educational inexperience coupled with the expensive and intangible nature of the services he is purchasing, and in light of the potential for consumer abuse in "future service contracts" used by most schools, the educational consumer not only has responsibilities, but also has important "consumer rights." When these rights are not respected, the student should be protected and should have redress mechanisms available to him. Where he has responsibilities, he must be fully informed of, and held accountable for, these responsibilities.

Major Actions Recommended

Students who apply for Federal program benefits should be given an informative statement of their rights and their responsibilities. The statement should be stated clearly and in readable type; it should be made part of the application so that the student will have direct exposure to it.

Federal agencies should relinquish any rights they may have as "a holder in due course" of student loan obligations if a student has established a legitimate claim of unfair or misleading practices. In such instances, the government should proceed against the school to recover all sums paid out, for example, under the Guaranteed Student Loan Program.

Principle II: Consumer concepts, legislation and mechanisms should be activated in the educational marketplace as is now occurring in the traditional marketplace.

Major Actions Recommended

- A Federal Student Tuition Insurance Corporation should be created to protect students and their tuitions when postsecondary schools close.
- There should be a central mechanism on educational consumer complaints that would handle consumer complaints. Such a center would either resolve complaints directly or refer and follow up on them. It would also serve as an informal research instrument and an "early warning system" against educational abuses.

Principle III: When the Federal Government disburses funds to support educational institutions, programs and students, it must assume responsibility for the way those funds affect the educational consumer as well as educational and program objectives.

Major Actions Recommended

- Institutional eligibility for Federal funds for occupational or vocational schools should be contingent upon:

  a. disclosure of student dropout and course completion rates. and in the event that an organization or school publicly advertises job-related claims, it must disclose job-placement rates.

b. achievement of occupational objectives through placement of graduates in the positions for which they sought training.

c. a pro-rata tuition refund policy.

Principle IV: State educational agencies and private associations or agencies which have direct responsibility for accrediting, approving, licensing and certifying educational institutions and students, should do so with issues of consumer protection clearly in mind. The overall effort to protect the educational consumer must involve consumer agencies and organizations, both public and private, in a vital way.

Major Actions Recommended

FICE should encourage ECS, the National Association of State Administrators and Supervisors of Private Schools and other State and local-oriented organizations to provide assistance to those States which do not possess "approval" legislation, or which are interested in streamlining the existing legislation. The purpose of this assistance should be the adoption by States of legislation at least as strong and pro-consumer as the Model Legislation developed by ECS.

Federal assistance and guidance should be provided under appropriate guidelines to State, private agencies and consumer organizations for the purpose of developing greater competence in systems analysis and design, improving the educational evaluative process, and encouraging the exchange of information between organizations concerned with consumer protection and education. Any such assistance should be for developmental rather than operational purposes.

Chapter I

Background, Purpose of the Report and A Vocabulary of Terms

Background

The "age of consumerism" has coincided with the emergence of education as a business. Education has been sold to consumers who are seldom recognized as such. Laws typically refer to the educational consumer as a "student," as a "beneficiary" (under the G.I. Bill), as a "dependent," and so on. Students are educational consumers. They invest time, energy and money in the pursuit of programs of self-improvement, with or without direct faculty supervision, in formal or informal setting, with vocational as well as avocational objectives.

In recent years there has been growth not only in number of students, but also in Federal programs which provide for student financial support. Federal agencies have become increasingly aware of the abuses of educational consumers resulting from unethical operations of some educational institutions. In postsecondary education, a number of common malpractices have been identified. They are found in public, private nonprofit, and proprietary institutions. These malpractices include:

(1) misleading and inaccurate advertising,

(2) indiscriminate and overly aggressive recruiting,

(3) lack of full disclosure of salient institutional, characteristics useful to the consumer, such as its history, financial policies, academic standards, and other relevant information,

(4) inferior facilities, course offerings, staff,

(5) false promises of job placement, and

(6) insufficient refund policies (or failure to live up to stated policies).

One example of consumer (student) abuse is that of salesmen who represent a school for computer technicians in New Mexico who solicited Indians to enroll in courses and promised them careers as highly-paid computer programmers. Potential students borrowed thousands of dollars in Federally insured student loans through the same company that offered the courses, never saw the money, and were academically out of their field at the first class meeting primarily because of their inadequate background in mathematics. The school offered no refunds, but charged interest on the loans which no longer received Federal subsidy.

When Federal educational programs, such as the Federally insured student loan program, are abused through malpractice, there are four major results:

(1) Students who are to be the beneficiaries of the programs do not get the full benefits intended; they often lose out instead.

(2) The Nation, which seeks to develop its human talent, is not getting an adequate return for public funds expended.

(3) Federal officials, who have a responsibility to safeguard public funds, find their efforts undermined by those who distort the system through unethical and questionable practices, whether by administrators, students, or financial managers.

(4) All forms of fraud, abuse, or diversion of funds, tend to undermine the integrity of American society and should be combatted.

(5) High student dropout rates and subsequent loan defaults.

Purpose of the Report

The purpose of this report is to initiate formulation of a Federal strategy for consumer protection that works in conjunction with efforts of the States, localities, consumer groups, and other private organizations. This report will describe the responsibilities of Federal agencies in postsecondary education as they deal with educational consumer protection, examine the status of Federal programs and efforts to improve them, and discuss the issues and implications involved.

The thrust of the report is the recommendation of actions which are designed to prevent abuses of the educational consumer and misuse of educational programs. The strategy for Federal action, which is at the heart of the present report, emphasizes:

(1) steps to be taken by Federal agencies to help insure students' rights in the marketplace;

(2) steps to be taken by Federal agencies, singly or jointly, to prevent or protect against abuses of educational consumers;

(3) measures to be taken by various Federal agencies which arise out of their particular responsibility as funding or guaranteeing agencies; and

(4) efforts to be made by Federal agencies to strengthen activities of State and private agencies dealing with postsecondary institutions and their consumers.

Above all, these actions should provide incentives for all schools and colleges to maintain their integrity and, where appropriate, to improve their performance. The task is immensely difficult because American education is diverse and decentralized to the point where it is difficult to ascertain the numbers of postsecondary schools in the United States. (See Chart A, Appendix II, for illustration of vocational and technical schools, and Chart B, Appendix III, for colleges and universities.)

Following are several commonly reported abuses of students by educational institutions:

(1) The delivery of programs of instruction which are different from those which both the student and the student funding organization were led to expect.

(2) The use of educational funding programs for meretricious rather than educational purposes, whether through meaningless enrollment, non-attendance, default or misleading applications (e.g., use of insured loans to induce students to enroll and borrow money which is then diverted either by students or others).

(3) The award of certificates, degrees, or diplomas based on payment of fees rather than on educational accomplishment; the enrollment of foreign students for the purposes of securing residency permits and other noneducational benefits.

(4) The claim to hold a degree, certificate, or diploma which has no standing or whose name is misleading or whose standards are known to be clearly or deliberately inferior to those in common use in the United States (degree mills, diploma mills).

For purposes of this paper, we are concerned primarily with (1) and (2).

The Subcommittee wishes to acknowledge the fact that millions of Americans have received highly satisfactory educational benefits from the Nation's diverse universe of public and private postsecondary schools. It could well be that because of the satisfaction which many persons have experienced, the inequities and abuses which may be observed sometimes in postsecondary education have been obscured. This report focuses upon those inequities and abuses, and recommends some approaches for dealing with them.

A Vocabulary of Terms

Every school exists by permission of the State although some states fail to insist on the issuance of a license, permitting instead an individual or institution to operate without a license, sometimes as a profit or nonprofit incorporated or chartered institution.

State licensing laws normally call for the observance of minimum standards, may authorize the awarding of degrees or regulate the use of titles, and may even restrict the use of such words as "college" or "academy." There are few examples of Federal licensing although radio operators and pilots, for example, hold Federal licenses and some nonprofit educational associations (The National Education Association is one) are chartered by the Congress. The best known exception is the Federal Aviation Administration which licenses flight schools.

Accreditation normally means that a school voluntarily has applied to an agency or organization for evaluation and recognition for meeting certain established standards. It is important to distinguish between regional accreditation, which looks at entire institutions, and specialized accreditation, which deals with certain departments, specialties or segments within an institution. It also is important to ask about the standing of the accrediting agencies because they differ among themselves.

(a) Some States accredit schools or colleges (Maryland, Indiana, and New York are examples), an action which is more nearly akin to licensing.

(b) More than 60 accrediting agencies are recognized by the U.S. Commissioner of Education who is charged in several Federal laws with maintaining a list of those accrediting agencies which he has determined to be reliable authorities on the quality of training offered by an institution.

(c) There is a similar list (but not identical) of accrediting agencies which are recognized by the National Commission on Accrediting, an organization which is supported by most segments of the educational community but has no legal standing for most Federal programs.

(d) There have been instances of recognition by self-appointed so-called accrediting bodies, seeking to give plausibility to low-caliber educational institutions, including some diploma mills. State officials have been successful in some efforts to ban or enjoin this type of "recognition."

Accreditation is usually conferred for a specified period of years, then is subject to renewal. Few accrediting bodies use probation; instead they use such phrasing as "renewed with stipulation" or other conditions which must be remedied before accreditation is renewed. Probation may or may not be public; it seldom is publicized and consumers are slow to learn of those cases where it has been imposed, or where accreditation has been revoked. The stipulations of conditions, since they are presumed to be temporary, are normally considered confidential although they may be disclosed by officials of the school concerned.

In summary, accreditation is voluntary, private, and often used as an indicator of quality and reliability by State and Federal officials, and by others.

Certification normally is used by nongovernmental bodies to grant recognition to an individual for having met specified criteria. It is also used by governmental bodies and applied to institutions, such as the FAA certificates of airworthiness.

Teachers in most States must have a license to teach; the process is known as certification, credentialing, or licensing.

Some States insist that educational salesmen be licensed by the State and/or bonded by an approved bonding company.

Approval is conferred by the State Approving Agencies, designated by the governor but funded by the Veterans Administration under contract to make sure that courses meet specified criteria before they can be approved for veterans benefits. (For foreign schools, the VA approves courses directly after consulting other sources--including the Department of State and its consular service, and sometimes the U.S. Office of Education.)

Eligibility (for educational purposes) has two major aspects:

Student eligibility deals with such criteria as are imposed by each program. For example, for veterans benefits, an eligible student must meet criteria specified in Chapter 38 of the U.S. Code. For the Basic Oppurtunity Grants Program, there are limitations on income as spelled out in OE regulations.

Institutional eligibility deals with the requirements of various programs as to which schools may participate or what makes a school eligible so that its enrolled students will become beneficiaries. A veteran entitled to student benefits, for example, can use them only if he attends an eligible course, i.e., one which is approved by the State Approving Agency. Similarly, a foreigner planning to study in the U.S. will be issued a student visa if he meets various personal criteria and if an eligible school (as determined by INS) certifies that it accepts him. Most forms of institutional eligibility derive from accreditation.

Control falls under three categories. Some Federal programs are confined to public institutions, others are confined to accredited schools, and still others encompass proprietary schools.

Public institutions usually are open to all, are operated and controlled by a publicly elected or appointing group of school officials and are supported by public funds.

Private-nonprofit institutions are established and maintained by nongovernmental bodies under the control of a private group of officials. Many enjoy additional public support for specific programs or activities, including Federal institutional support under certain conditions of eligibility.

Proprietary schools seek to make a profit, operate under private control, and number in the thousands (see Appendix II). Some belong to specialized accrediting bodies, some award degrees (while others merely issue certificates of completion). Many proprietary schools serve businesses and industry while others are avocational.

Students receiving veterans benefits, social security payments, BEOGS, or Federally supported vocational rehabilitation may choose to attend a public institution, a privately controlled one, or a proprietary school subject to the known and published criteria of institutional eligibility.

Chapter II

Federal Responsibilities

The Latin wording of caveat emptor expresses the historic concept that the consumer is expected to fend for himself, something he could do on a more reliable basis in the days of relatively stable communities, face-to-face business transactions between principals, and the more personal accountability of neighbors and fellow citizens.

State and Federal efforts to protect the consumer in the United States have increased in recent decades. In 1964, a Special Assistant to the President for Consumer Affairs was established; concurrently, there was an increase of consumer agencies and representatives at State and municipal levels.

Legislative efforts have been aimed primarily at inducing full disclosure, and at regulating the financial aspects of transactions. Recently, there have been Federal laws to stimulate Truth in Lending (with full disclosure of interest rates and finance charges) and pending legislation to establish a Federal consumer protection agency. Similarly, Congress authorized the U.S. National Commission on Consumer Finance which issued a report on Consumer Credit in the U.S. (1972) that recognized the inequities of the Holder in Due Course (HIDC) doctrine which is one of the persistent points of friction in school and other lending transactions.

HIDC maintains that when a purchaser signs a note as payment or partial payment--perhaps for a car or for tuition--the financing institution holding the note is the HIDC and entitled to receive payment even if the car is defective, or never delivered, or is delivered but not as represented at the time of sale. This mechanism leaves the student with a loan payable for an education that may not be delivered.

A bill to counteract the HIDC doctrine is being drafted under the sponsorship of Rep. Lenore K. Sullivan, (Mo.); it seeks to protect the consumer so that he is not liable for services or articles purchased but not rendered. It was this type of difficulty at Riverside University in California which caused Representatives Alphonzo Bell and Jerry Pettis to introduce their bill, HR 11927, calling for more stringent standards for eligibility for Federal funding. They were distressed that residents of their districts, students at Riverside University, were left with Federally insured student loans, now payable, for which the college had not delivered the promised services.

Several Congressional committees have become aware of the student as a consumer. In the House, Representative Floyd Hicks' Special Studies Subcommittee of the Committee on Government Operations heard educators, scholars, and representatives of various Federal agencies testify as to the plight of postsecondary educational consumers, as did Representative James O'Hara's Special Subcommittee on Education. In the Senate, Senator Vance Hartke's Committee on

Veterans Affairs listened to similar testimonies. Senator Pell conducted hearings during September 1974.

While members of Congress are studying the issue of educational consumer protection, awareness of the general public has been initiated through recent articles in the Boston Globe,[1] Washington Post,[2] American Education,[3] and Reader's Digest.[4]

However, substantive action regarding the educational consumer exists primarily at the agency level, where awareness varies and policies are largely reactive. Individual agencies do not have enough power to remedy a system with loopholes which permit school administrators to operate illicitly. Few agencies have avenues of redress for disillusioned educational consumers; students often do not know where to direct their complaints, which often are shelved because no single agency has a comprehensive mandate.

Complaints represent only one segment of students victimized by malpractices. Others do not think to complain; others view both the Federal government and State with hostility for their implicit or explicit endorsement of schools "approved for veterans" and for loan programs that got them into debt in the first place. With increasing awareness of the student's dilemma, policies to assist him or her--and to make the educational consumer aware of the practices that exist and of recourse available through Federal agencies--are slowly being developed. An overview of agency policies indicates how much is being done for the consumer of education now.

---

[1] "Spotlight on Vocational Education," The Boston Globe, March 25, 1974.

[2] Eric Wentworth, "The Knowledge Hustlers," The Washington Post, June 23-28, 1974.

[3] George E. Arnstein, "Ph.D. Anyone?" American Education, July 1974; "Bad Apples in Academe" August-September, 1974.

[4] Jean Carper, "Career Schools Aren't Always What They Appear to Be," Reader's Digest, June 1974.

What are the Federal agencies doing?

As noted, consumer protection is a relatively recent development, juxtaposed to the more historic concept of letting the buyer look out for himself. The activities of Federal agencies tend to be uneven because education, historically a primarily nonprofit field, has surfaced only recently as an area where consumers need a greater measure of protection.

Few agencies have established consumer protection for students. Most lack master or central files for complaints, analysis of complaints, outcome feedback regarding educational consumer protection, and standard grievance procedures for students with educational problems.

The listing of agency policies which follows is illustrative rather than exhaustive, based on interviews, telephone calls, and other sources.

Department of Health, Education and Welfare
Office of Consumer Affairs

The Office of Consumer Affairs (OCA) maintains contact with private consumer organizations and acts as a liaison between them and the

Federal agencies responsible for educational consumer protection. OCA co-organized the two conferences on educational consumer protection and co-authored this report. Office of Consumer Affairs handles a small but increasing number of complaints and publicizes consumer problems in the educational sector. OCA basically promotes educational consumer protection from within the Federal and State governmental structure, and advocates "self-help" mechanisms within the private sector. Because its director is also Special Assistant to the President for Consumer Affairs, OCA promotes educational consumer protection at the White House level.

Office of Education

The main focus of OE activities relative to this subject is in the Accreditation and Institutional Eligibility Staff (AIES), the Office of Guaranteed Student Loans, the Office of Student Assistance, and to some extent, the Division of International Education which renders advice to the AIES as to the value and comparability of foreign degrees and courses. In addition, it is anticipated that the new Basic Educational Opportunity Grant program will become a major area for concern regarding protection of the student.

Since many decisions about eligibility of schools, as made by various Federal and other agencies, derive from the actions of the U.S. Commissioner of Education, the role of the AIE Staff in OE is central. It took an active part in the ECS Task Force, the Denver meeting, and in planning follow-up activities. Its decisions determine which schools are listed in the various OE directories of schools (and with what kind of annotation as to eligibility or accreditation). Its recommendations heavily influence the Commissioner of Immigration and Naturalization, various State agencies for teacher certification (and other purposes), but only on a voluntary and consultative basis. Protection of the educational consumer is promoted through the following AIES activities:

(1) Recognition of State approval and private accrediting bodies. This function of serving the mandate to the Commissioner of Education, of determining which State and accrediting agencies provide assurance of educational quality, determines the actions of numerous other State, Federal, and private bodies which rely on the Commissioner's recognition and determination whether a school is to be eligible for certain programs or not. Criteria for recognizing State approval bodies and private accrediting agencies have been published and are under periodic review. Currently, the Commissioner recognizes 62 accrediting agencies, 8 State approval agencies, and 8 State boards of nursing.

(2) Recommendations to the Administration and the Congress on legislative changes regarding institutional or program eligibility for Federal funds.

(3) Review and processing of complaints regarding "eligible institutions," recognized accrediting or approval bodies, and violations of student and institutional assistance program regulations. During the period 1969-1974, the AIE staff processed over 500 complaints pertaining to proprietary schools.

(4) Determination of institutional eligibility for OE assistance programs such as the Guaranteed Student Loan Program. Over 8000 institutions are recorded in the AIES master file.

Health Resources Administration, Bureau of Health Resources Development

The Bureau of Health Resources Development (BHRD) serves as the principal focus within the Department of Health, Education and Welfare for programs concerned with development and utilization of health manpower. The BHRD engages in health manpower education programs in the fields of medicine, nursing, public health, and allied health professions and occupations. Within BHRD, the Division of Associated Health Programs serves as the Federal focus for public health and allied health professions with respect to education, practice, and manpower research; it supports and conducts programs with respect to the need for and development, use, credentialing, and distribution of such personnel.

Liaison is carried out with other Federal and non-Federal programs having a common interest in improving the nation's capacity to deliver health services. Most health manpower education legislation expired at the close of Fiscal Year 1974. There are a number of health manpower bills currently before the Congress.

Eligible applicants for legislatively mandated programs in the past have been public and private nonprofit junior colleges, colleges and universities, nonprofit agencies, organizations and institutions.

Directories of allied health programs in both junior and senior colleges are compiled periodically. No consumer protection literature has been produced in the Bureau or Division.

The Division of Allied Health Professions co-sponsored the ECS Conference on Consumer Protection in March 1974.

Social Security Administration

The Social Security Administration is the second largest Federal source of student financial aid. In FY 1974, it distributed almost $700 million to 600,000 students who were eligible beneficiaries.

Schools which qualify include:

*Publicly supported schools and colleges

*Private schools or colleges which are approved by a State or accredited by a State-recognized or nationally recognized accrediting agency. This includes State approval for veterans benefits.

*Unaccredited private schools if at least three accredited schools or colleges accept their credits on transfer on the same basis as credits transferred from an accredited school.

SSA uses broader criteria for institutional eligibility than any other Federal agency, has no field staff of its own (for this educational purpose), receives few complaints, and occasionally refers questions about proprietary schools to the Federal Trade Commission. SSA informs beneficiaries about the institutional eligibility of a school (and relies heavily on the Education Directory published by OE) but provides no further guidance.

Department of Defense

Issues of major concern to DOD are accreditation of correspondence schools since 80% of all in-service G.I. benefits go for correspondence study, according to a study by the Government Accounting Office (Report No. B-114859, March 1972). The DOD is aware of illicit solicitation practices, misrepresentations, ease of entry and poor completion rates in various schools. DOD has attempted to decrease chances of misrepresentations, problems of recruitment, and general misuse of Federal funds. It co-sponsored the Denver ECS meeting, and has a four-point program:

(1) To enhance consumer safeguards through efforts to strengthen the G.I. Bill;

(2) To support the FTC in its consumer education campaign;

(3) Reform through its own education officers and personnel officers who control the flow of people and the conduct of business on military bases; and

(4) Publication of its Information Guidance Series.

Department of Housing and Urban Development

Under the Model Cities program, HUD has a special concern for exploitation of inner city residents, including their educational programs. It is concerned with trade schools which have unfair training costs, unreliable tuition refunds, inadequate job placement, and misrepresentation of transferability of credit. HUD is supportive of actions to be taken by FICE or individual agencies to assist the educational consumer, but has taken no steps of its own to alleviate problems in this area.

Department of the Interior
Bureau of Indian Affairs

The Bureau of Indian Affairs recognizes specific problems in the handling of Indian student funds through Educational Opportunity grants and other specially funded USOE-BIA programs. However, all complaints are channeled to local Agency offices or one of the 12 BIA Offices. There are no standard policies for handling grievances, and no central record file of them.

BIA was a co-sponsor of the Denver Conference in March 1974.

Department of Justice
Law Enforcement Assistance Administration

The LEAA funds over 1,000 schools through a number of student programs. It attempts to avoid questionable schools (1) by insisting that the students in their programs attend accredited institutions, and (2) by specifying that 80% of the credits (taken through LEAA) in a two-year program be transferable to a 4-year institution.

Next year the requirement will be stiffened: a higher percentage of the credits must transfer, thus increasing the emphasis on nonprofit higher education.

Immigration and Naturalization Service

For a foreign student to receive a U.S. student visa, he must be accepted by an eligible school. Eligibility is determined by the Immigration and Naturalization Service of the U.S. Department of Justice, with heavy reliance on the publications and listings of the Accreditation and Institutional Eligibility Staff of the U.S. Office of Education.

It is not uncommon for an eligible school to advertise itself as "recognized by the U.S. Department of Justice" which is stretching the truth. INS has designed a system to eliminate the notion of "approval" by making schools apply for eligibility. Form I-17, the petition for approval, says:

> If the school is approved, THE PETITIONER AGREES:
>
> That in any advertisement, catalog, brochure, pamphlet, literature, or other materials hereafter printed or reprinted by or for this school... shall be limited solely to the following:
> "This school is authorized under Federal law to enroll non-immigrant alien students."

Since INS does not operate a domestic educational enforcement system, schools seem to suffer no penalties if they violate the promise. However, Form I-17, below the signature, carries a notation that "If the agreement is not complied with, approval may be withdrawn."

Department of Labor

The Department of Labor places workers in appropriate jobs after they have been trained. However, the selection of institutions in which training is provided is determined by HEW, which approves and recommends various institutions through the Office of Education.

Since the Manpower program relied on OE judgment for selection of training institutions, independent action for protection of the trainees was not deemed necessary.

The DOL publication, Occupational Outlook Handbook, and the reprints from this biennial reference work, are valuable career planning guides which have been exploited by some unscrupulous managers and salesmen for schools. Where the Handbook may forecast demand in a certain occupation--computer programmers used to be an example--certain schools have used the information to persuade potential students that this meant an assured job placement for them.

DOL co-sponsored the ECS meeting in Denver.

Department of Transportation
Federal Aviation Administration

FAA interests cover every aspect of aviation education, including safety, competency of aviation machines, mechanics, and crews. Through a prescribed certification process governed by Federal Aviation Regulations, FAA approves nearly 3000 pilot/flight schools for technicians, and 150 aviation maintenance technician schools. Protection of the consumer of aviation education is promoted through the following FAA program.

(1) Air worthiness: inspecting, approving, licensing aircraft and all their components utilized during instruction.

(2) Prescription of aviation training via detailed curricula, including clock hours, cited in Federal Aviation Regulations for pilots/air-crew, mechanics, controllers, and technicians.

(3) Individual certification of competency of aviation professionals, as well as all air carrier and general aviation pilots.

(4) The Agency is specifically charged not only with safety-competency activities, but its functions also include those of serving as advocate and promoter of aviation industry and activities.

A noteworthy aspect of FAA educational functions is that it is the only Federal agency which directly licenses and approves public and privately owned schools. This Federal license deals with the quality of instruction but not with the recruiting practices or similar aspects of the schools. Thus for a school to offer courses eligible for veterans benefits, it must turn to the State Approving agency for such eligibility. The FAA has recently included in its regulations a restriction against flight schools advertising courses that are not offered.

Federal Communications Commission

Since the FCC has no mandate in its law, it has no active program or materials on consumer protection in education. The FCC does not certify schools or provide advice on schools other than to provide information sources or occasional referrals to other agencies.

Federal Trade Commission

The Federal Trade Commission has been answering consumer complaints for several years. It established a 5-point program to accommodate the consumers of vocational education.

(1) "Guidelines for Private Vocational and Home Study Schools" is an attempt to let the vocational school industry know what practices in the industry are deceptive and unfair.

(2) Consumer Education Campaign is a multi-media affair which began in 1973 to inform consumers of the industry and its problem areas.

(3) Litigation work includes investigation of complaints issued by FTC against 25 schools since 1970.

(4) Federal/State Cooperation and Coordination is a plan for bridging the information gap between States and Federal agencies, and has involved a general exchange of ideas concerning standards for proprietary schools. FTC participated in the Denver ECS conference.

(5) On August 15, 1974, the Commission proposed a binding trade regulation rule having the force of law.* The rule would require that prospective students be provided with information which may aid them in making an informed and intelligent decision whether or not to enroll in a school. The proposed rule contains a pro rata tuition refund provision and a ten-day cooling-off/reaffirmation provision, in addition to disclosure and advertising substantiation requirements.

Fraud Branch, Postal Inspection Service, U.S. Postal Service

The Postal Service has been helpful to the educational consumer through its distribution of a general guide for consumer protection, parts of which are applicable to the student. Information on legislation and enforcement against mail fraud has been especially helpful to the educational consumer. The Postal Service's Fraud Branch distributed a 28-page guide for consumers titled "Mail Fraud Law - Protecting: Consumers, Investors, Businessmen, Patients, Students," which contributed to the discovery of 21 home study schools involved in mail fraud. As a result, a number of illicit correspondence schools were closed. The Fraud Branch has also been instrumental in closing down some diploma mills.

---

*Federal Register, Vol. 39 (159), August 15, 1974, p. 29385.

Veterans Administration

The V.A. operates the largest of all the Federal student financial aid programs. As of February 1974, it cost approximately 3 billion to send about 2 million veterans to school last year, including certain widows, orphans, and active-duty military personnel.
The V.A. operates through 58 regional offices which handle local complaints; there is no central clearinghouse. The role of the VA Central Office is to help assure quality education for its constituents; but consistent with the basic Federal policy of avoiding or minimizing direct Federal intervention in the operations of schools, the VA itself does not examine the quality of instruction offered, but leaves that to the State to review and approve.

The VA supports the FTC's attempts to inform the educational consumer, has distributed the FTC guidance packet on vocational schools, and is printing a comparative information packet, "US Facts," outlining correspondence school data for veterans' use.

The VA participated in the ECS Task Force on a Model State Law to license schools and was a co-sponsor for the ECS Denver Conference.

U.S. Civil Service Commission

The U.S. Civil Service Commission receives many complaints regarding activities of schools that offer correspondence courses for civil service examinations--so-called "civil service" schools. Inasmuch as the Civil Service Commission has no jurisdiction in such matters, it cooperates with the U.S. Postal Service, the Department of Justice, the Federal Trade Commission, and State Consumer Protection Agencies by referring appropriate complaints to these agencies.

The Commission desires to warn the public of the misleading information given by many such schools, and has distributed a fact sheet regarding so-called "civil service" schools and their relation to Federal employment. The fact sheet emphasizes that the Commission does not support any "civil service" schools or any claims they have regarding Civil Service testing or employment with the Federal government.

Coordinating Federal Agencies Efforts--The FICE Subcommittee on Educational Consumer Protection

To make a beginning toward achieving better coordination of the Federal agencies concerned with various aspects of protecting the educational consumer, the FICE Subcommittee on Educational Consumer Protection was created in 1972. As one of its first efforts the Subcommittee began the study of major problems and issues confronting the educational consumer whom it defined as the student. Early planning sessions revealed the need for a subcommittee whose primary concerns were determination of Federal mechanisms for educational consumer protection, and legal questions concerning the authority of the Federal Government in dealing with educational problems. Also considered were the development and dissemination of information, facilitation of Federal-State cooperation and coordination, and the improvement and coordination of interagency treatment of problems related to educational consumer protection.

Subcommittee efforts have produced results in several directions.

(1) A Task Force of the Education Commission of the States last year produced model State legislation (Model State Legislation Report No. 39, June 1973). Funding was arranged through FICE and participation included representatives from FICE, VA, OE and accrediting agencies.

(2) Co-sponsorship with ECS and other Federal agencies of the National Invitational Conference on Educational Consumer Protection, held in Denver, Colorado, in March 1974, which formulated several recommendations. A second conference was held on November 14-15, 1974, in Knoxville, Tennessee. A report on this conference, including recommendations, is available from the Education Commission of the States, Denver, Colorado.

(3) Consumer guidance through educational materials developed by the Federal Trade Commission pertaining to vocational schools. OE is preparing additional materials. A pamphlet explaining how the

victimized educational consumer may gain redress is being designed for the Subcommittee by FTC and OCA.

(4) Reports concerning the consumer protection interests and activities of the various Federal agencies, such as this Federal strategy report for educational consumer protection.

(5) Contribution to the rising public awareness of the need for better consumer protection. The Subcommittee encouraged preparation of additional materials, including publication of two articles on consumer protection (with several thousand reprints) by George E. Arnstein in American Education.

(6) Served as a catalyst for consumer activities in various States.

(7) Improved communications among Federal agencies, and between the agencies and other groups with consumer interests.

Chapter III

Role of Non-Federal Agencies

Current role of the States

The States vary greatly in their laws, their enforcement policies, their results, and in their protection of educational consumers. At least three States--Tennessee, North Carolina, and Montana--have enacted the ECS Model legislation which was endorsed by the Committee on Suggested Legislation of the Council of State Governments. Some States are hospitable to diploma mills, others are not. Some recognize the performance of vocational/technical accrediting agencies, others do not. For higher education institutions, most States rely on regional accrediting agencies, directly or indirectly through various forms of equivalency. All of them operate one (or more) State Approving Agency to approve courses for veterans, and this activity is underwritten by the VA at an annual cost of about $10 million.

State approving bodies often rely on private accrediting agencies; both play an important part in determining eligibility for Federal funds. They affect both the Federal government and the educational consumer. Criteria for Federal eligibility today derive largely from the work done by others. For example, before the Social Security administration will send out a check, the "dependent" must be enrolled in a course approved by a State or private accrediting agency.

The Federal reliance on State standards implies great trust in their eligibility requirements, although standards vary from State to State as does enforcement of the laws that require standards. A dishonest school operator may be forced to leave one State after his malpractice is discovered, but State A typically fails to alert State B and he may set up a similar operation there. State C may know something unknown to either State; and the Federal files may contain information relevant to the State approving agency, if only the agency knew where to ask and how to get it. Lack of interstate cooperation and coordination has resulted in the following cases and more:

*California is an example of good administration, where the staff in the Department of Public Instruction enforces the licensing laws and approves courses for veterans. But a loophole in its licensing law allows a college incorporated for profit or nonprofit to operate without supervision of the State Superintendent of Public Instruction. It is under this loophole that Riverside College-Riverside University was able to operate legally, prior to its being enjoined under court order.

*Florida demonstrates the effectiveness of a new licensing law, for degree granting institutions, enacted in 1971, with increasingly diligent enforcement. A member of the Florida licensing board told the Denver Conference that certain undesirable "colleges" had left Florida and set up in other States. Prior to the new law, Florida had been a notorious haven for diploma mills.

*More general examples include home-study courses, approved by the State agency and approved for veterans benefits, relating to forest ranger education, although no State department of forestry will hire a forest ranger solely on the strength of his correspondence training.

*There are schools that have State licenses, that have State approval for veterans, but which treat veterans differently from non-veteran students, mostly because the combined Federal-State laws and regulations force them to set up more generous refund policies for veterans.

*In some States employees of the State Department of Education visit a school for licensing purposes, while another team from the same State Department of Education visits the school for purposes of veterans approval, but they do not compare notes or share information derived from the visits.

*Under the Education Amendments of 1972, the U.S. Commissioner of Education has been given the additional task of "recognizing" State agencies. He recognizes those which the Advisory Committee on Accreditation and Institutional Eligibility determines to be reliable authorities regarding the quality of public postsecondary vocational education in their respective States, for the purpose of determining eligibility for all Federal student assistance programs. (Sect. 438a, HEA 1965 amended 1972.) The effect of the so-called Mondale amendment is to increase the work and scope of AIES and the State agencies so recognized.

What is the role of the accrediting agencies?

The accrediting agencies are the normative regulators despite their voluntary, private nature. States tend to fall back on criteria established by a nongovernmental body instead of establishing their own criteria as to quality. For example, many State licensing laws specify that accredited schools shall be exempt from licensing, and nonaccredited schools shall be inspected to see if they approximate the standards set by the accredited schools. Federal agencies do the same. Many laws require accreditation, or equivalent or some standard derived from accreditation.

The results of this reliance vary. On the one hand, accrediting agencies have taken the view that they came first, that they have their own purposes and that Federal agencies should not now force them to do things which may be useful to Federal officials, may even serve Federal purposes, but present a distortion of their own procedures and intent. Federal insistence on adherence to equal opportunity or affirmative action are examples, with some accrediting bodies objecting to their proposed role of becoming Federal enforcers (regardless of the merit of the rules to be enforced).

All of the accrediting agencies now recognized by the U.S. Commissioner achieved such recognition by virtue of applying for it, thus demonstrating their willingness to meet the published criteria for recognition. But at the same time, the accrediting bodies are reluctant to engage in full disclosure, to publicize those institutions which have been put on probation, or to disclose some of their findings which could be used by students and applicants as an early warning system.

Conversely, the accrediting agencies began life--some started at the turn of the century--with an institutional agenda; their standard-setting function and recognition has been useful to consumers.

Role of consumer agencies

Further assistance to the consumer is provided through a variety of consumer leaders and organizations, including national consumer advocate associations, better business bureaus, municipal consumer officials, various ombudsmen, and the growing number of groups seeking to organize, defend and protect consumers. Trade unions have also stepped up their interest in the consumer field, and private business is becoming increasingly responsive.

In addition to their current consumer and educationally oriented activities, these organizations could also play a role in the awarding of licenses or approval of courses. The State Approving Agencies, under the law, must inquire as to the reputation of the faculty, staff, administrators and owners of a school. They would be free to consult consumer organizations regarding their knowledge of the schools, their personnel and their performance. State and accrediting agencies could also ask consumer organizations for recommendations regarding consumer participation in their procedures.

While linkages between the educational agencies and the consumer organizations have been weak, the Denver conference sponsored by ECS, FICE and others last March, and the follow-up conference in Knoxville, served as a force to strengthen these links.

Chapter IV

Issues and Implications

Not only is there a historic trend toward greater consumer protection, there also is growing Congressional interest, rising activity by governmental agencies at all levels, and increasing clamor by consumer groups to have a voice in the structuring of the rules by which business is done in the United States.

Education, because it has been traditionally and predominantly non-profit, has not achieved great visibility in the area of consumer protection. The proprietary sector, which comes under the mandate of the Federal Trade Commission, has undergone scandals, exposures, and legislative counterthrusts, especially in the reforms embodied in the Second GI Bill of Rights (1952) which overcame some of the abuses of the original, 1944, version. Today's workload of the FTC shows that about six percent of all FTC consumer protection activities concern proprietary schools.

In short, there are notable pressures for Federal agencies to make a greater effort to protect consumers in education, and there is widespread agreement on the need to prevent or counteract illegal and objectionable consumer practices in education. There are unresolved issues as to just how the Federal effort is to be carried out.

To be sure, each agency has responsibility for improving its own procedures, including systems designed to overcome malfunctions.

But it is also true that the consumer probably will be served better if there is a coordinated effort designed to combine the efforts of Federal, State, and local agencies, as well as voluntary bodies.

What should the Federal effort be to protect educational consumers? On the one hand, there is the tradition against Federal control or interference in education, reinforced by explicit legislative provisions in many educational laws. For instance, the following statement appears in Section 422 of the General Education Provisions Act:

> No provision shall be construed to authorize any department, agency, officer, or employee of the United States to exercise any direction, supervision, or control over the curriculum, program of instruction, administration, or personnel of any educational institution, school, or school system, or over the selection of library resources, textbooks, or other printed or published instructional materials by any educational institution or school system, or to require the assignment of transportation of students or teachers in order to overcome racial imbalance.

On the other hand, there is the obvious fact that consumers are being exploited in a variety of educational settings, that State licenses are often weak or nonexistent, that accreditation provides inadequate assurance of business ethics or financial stability, that none of the existing agencies, singly or in combination, has solved these problems.

Further, there is the obvious fact that Federal administrators are charged with the protection of Federal funds. Thus, they have a mandate to exert diligence in determining who is to be eligible for the receipt of Federal funds and services.

Today, with the great amount of money available from public funds for student assistance, we see an apparent parallel increase in abuse of funding assistance programs and victimization of students; therefore, pressures for a greater and stronger Federal effort are building up, and putting to the fore the question of how far the effort may properly go and how it should be organized and managed.

The issue is unresolved and probably should be defined pragmatically in the sense that increased Federal efforts will be accepted because they are helpful, supportive, noncontrolling, or an evident part of Federal vigilance over Federal interests. The challenge is to resolve the issue constuctively and cooperatively.

Who is to provide Federal Leadership?

Another unresolved issue is the matter of leadership. There exist differences in readiness, mandate, timing, and enthusiasm for consumer protection among various Federal agencies; there is no past history of shared or pooled funding (with the significant exception of support for the ECS Task Force and the Denver and Knoxville Conferences).

As matters now stand, both power and funding rest with different Federal agencies, each of which follows its own agenda. The VA, for example, is very diligent in enforcing certain standards, especially regarding refunds, so that veterans get a more generous refund from some schools than do comparable nonveterans. Conversely, the VA and its State Approving Agencies appear to do little in the way of consulting the Federal Trade Commission as to information about schools in the FTC files.

Similarly, the Office of Education administers Congressionally mandated standards of eligibility, designed at least in part to protect Federal funds. The OE system, however, with its heavy reliance on private accreditation, is essentially separate from the VA system with its mandated reliance on State Approving Systems.

The Federal Interagency Committee on Education has demonstrated leadership but lacks authority. The present strategy report is designed to achieve further interagency cooperation and may become a building block toward coordinated Federal leadership.

The question of Federal "delivery" systems

No single agency today has been given a mandate to protect the educational consumer. This raises the question of how the consumer is to be protected if there is nobody in charge. Stated differently: Various agencies now make some effort to protect the consumer, but could or should there be a better "delivery" system for student protection, and who is to operate it (and pay for it)?

There is the initial problem that the student, who thinks he has been "ripped off," has no obvious place to complain. The Office of Consumer Affairs (HEW), with FTC and the Subcommittee on Educational Consumer Protection, has designed complaint forms which list numerous potential places where complaints should be lodged. But the very length of the list (which includes the Fraud Division of the U.S. Postal Service)--and the list is quite realistic--may discourage the potential complainant and also scatter complaints among the various agencies in such a way that points of abuse and friction will emerge only slowly. The dispersal of complaints increases when private agencies (accrediting associations) and State agencies are included. Every agency, in good faith, may be able to report that it receives very few complaints and that the problem therefore is minor.

The weakness of the complaint form reflects the fragmentation of the Federal agencies and poses the questions not only of which (and how many) Federal agencies are involved but also who is to operate a system of consumer protection, who is to coordinate the probable subsystems, and how they can best be made to dovetail.

There are several alternative means of "delivering" one or more aspects of the Federal thrust.

(1) A single Federal agency may become the lead agency, a kind of primus inter pares.

(2) FICE itself could become the administrative mechanism, based on the fact that substantially all of the relevant agencies belong to FICE.

(3) An interagency group other than FICE could administer a program.

(4) At least part of the effort--technical assistance, training, as well as evaluation and research--could be entrusted to a non-governmental third party such as the Education Commission of the States.

How can existing agencies (Federal, State, local and private) be stimulated to improve their systems and make the common effort more effective?

While any Federal strategy in this or other areas of effort must emphasize direct actions to be taken by components of the Government, no effective strategy in this area can ignore the real and potential contributions of non-Federal agencies and organizations. In developing the cooperative assistance of these groups, the Federal government should engage in a role of leadership and developmental support.

What is the role of the accrediting agencies?

First, a word of caution: Accreditation takes many forms (see page 12, supra) and even those accrediting agencies which are "recognized" by the U.S. Commissioner of Education differ greatly in their self-assigned roles and standards. A self-study for one of the traditional regional accrediting associations tends to put a much stronger emphasis on educational content and quality than the vocational/technical accrediting associations, most of whose members are proprietary and profit-seeking. Thus, the vocationally orientated accrediting agencies put greater stress on financial stability and business practices, tend to look at specific courses and curricula of a school, while the regionals undertake institutional accreditation which makes no claim to accredit every course, every department, every aspect of an entire institution.

These distinctions are important because the Office of Education relies heavily on the private accrediting agencies for its determination of eligibility for Federal programs. For certain publicly supported vocational schools, the Office of Education also recognizes State approval agencies and, in any event, seeks to make sure that all schools operate legally (which may be without a license if the State law does not require a license).

The determination made by the AIE Staff of OE tends to have many consequences, because other Federal agencies tend to rely on this determination. The approval system for veterans may rely on accreditation (according to the law) and the Immigration and Naturalization Service may recognize schools for nonresident alien students on the strength of OE recognition. Further, many State certification boards, Federal and State civil service commissions, foreign agencies (seeking to determine validity of U.S. degrees, for example) and even the editors of dictionaries who include lists of domestic colleges and schools--all of these often rely upon the "recognition" of accrediting bodies awarded by USOE.

The issue is whether the system which is now prescribed in current laws is the best and most effective one to achieve the results intended or whether it has become obsolete since "recognition" was legislated in 1952. Further, there is the question: If accreditation is not a reliable indicator of quality, then what can or should be put in its place?

What is the role of the States?

Every known domestic system of approval or eligibility relies on the States, but only as a minimum, and always with the imposition of additional criteria. The issue then is not whether State licensing laws are adequate--in many States they are not, and in still others they are poorly enforced--but rather whether the hand of the States can or should be strengthened so that their criteria can become reliable indicators of quality.

While the licensing of educational institutions is a State responsibility, performance has been sufficiently weak that the Congress mandated, and the VA funds,the operation of a separate State Approval System for eligibility for veterans benefits. This system operates in such a way that it may rely on private accreditation as a criterion of approval, or it may rely on an alternative system. We thus see the strange arrangement of a system which relies on accreditation (mostly in higher education) and also competes with accreditation (mostly in the non-degree area).

Very few States or Federal agencies rely on the VA/SAA system, although the Social Security Administration does include it as one of its four alternative means of determining eligibility for its 600,000 student beneficiaries.

The question is similar to the one about accrediting agencies: If State licensing or approval for veterans is not a reliable indicator of quality, then what can or should be put in its place? Conversely, what can or should be done to strengthen the performance of the States?

Chapter V

Recommended Principles and Action Steps--Federal Strategy

Principle 1

All of us--Federal officials and school administrators, professionals and private citizens--need to develop greater sensitivity to the rights of others. As Federal officials, we are charged with the constructive and conscientious use of Federal funds; we are concerned with the integrity of our society and its ethical standards. As members of this task force (subcommittee) we are specifically charged with safeguarding the rights of educational consumers.

These guiding principles become meaningful only if they are translated into actions, into very specific steps which we enumerate below, although the list is by no means exhaustive.

We think students can better protect themselves if they have access to meaningful information, and accordingly our recommendations deal with full disclosure. We think schools should not mislead in their advertising (and neither should food stores, automobile dealers, or anyone else), and that educators should be held to the highest standards of ethics because education is supposed to lead to truth and personal growth; educators have assumed certain functions of leadership and guidance which automobile dealers have not assumed.

We also are conscious of the fact that students are incompletely informed, because students *qua* students have shown that they seek additional knowledge and may thus be presumed to be less capable of fending for themselves than other consumers.

The student is the primary consumer of educational services. As a result of educational inexperience and as a result of the expensive and crucial nature of the service he is purchasing and finally as a result of the potential for consumer abuse in the future service contract used by most schools, the educational consumer not only has responsibilities, but he has important "consumer rights." When these rights are not respected, the student should be protected and have redress mechanisms available to him. Where he has responsibilities, he must be fully informed of, and held accountable for, these responsibilities.

Action Steps

We recommend that:

A. Students who apply for Federal funds should be given an informative statement of their rights, and their responsibilities. The statement should be stated clearly and in readable type; among other possible uses, such a statement should be made part of the application so that the student will have ready exposure to it before he signs the application.

B. When students' rights are not respected, they should have redress mechanisms available and adequate information to use them effectively. The attached Complaint Guidelines (see Appendix IV) prepared by the Subcommittee, are designed to provide such information.

C. Federal agencies should relinquish any rights they may have as a "holder-in-due-course" of student obligations if a student has established a legitimate claim of unfair or misleading practices. In such cases, the government should proceed against the school to recover all sums paid out under, for example, the Guaranteed Student Loan Program.

Principle 2

Consumer concepts, legislation and mechanisms should be activated in the educational marketplace as they are in the traditional marketplace.

Action Steps

We recommend that:

A. There be created a Federal Student Tuition Insurance Corporation which should have as its essential purpose the protection of students and their tuitions if postsecondary schools close.

B. There be established a Federal Interagency Center on Educational Consumer Complaints with the primary purpose of developing and coordinating interagency activities in this area. Among the functions of the center would be that of collecting, recording and disseminating consumer complaints and information to appropriate Federal agencies. In addition, the center would attempt to improve links of communication between consumer organizations, Federal and State agencies, accrediting agencies, and education groups. It would act as a research instrument on volume and nature of complaints as well as an early warning system against possible educational abuses.

C. Federal agencies should continue to develop and to disseminate educational consumer information and materials such as that of the Federal Trade Commission.

D. All Government and other publications regarding the job market (and all reprints of the same), capable of being used in any way by particular schools as a selling tool, should have a disclaimer in larger type to the effect that the estimates made are general and do not necessarily apply to graduates of any particular school; the only reliable information is that school's placement rate. In addition, all such publications should be clearly dated.

Federal agencies, individually or in concert, should direct resources to the identification and evaluation of consumer education problems. In addition, all Federal agencies should undertake a systematic analysis of their own programs of educational assistance in order to uncover and correct opportunities for abuse of such programs.

F. The educational consumer finds it difficult to distinguish between accreditation, approval, renewal with stipulations, recognition by the U.S. Commissioner of Education, and other subtle distinctions in connection with the approval or accreditation process. Federal agencies need to take the lead in standardizing the use and meaning of these and related terms.

G. The action steps enumerated in Principle 3. D. (2) and (3) following should be applicable to all postsecondary educational institutions.

Principle 3

The Federal Government, whenever it disburses funds, directly or indirectly to support educational institutions, programs and students, must assume responsibility as to how those funds affect the consumer of education as well as education and program objectives.

Action Steps

We recommend that:

A. All Federal agencies which recognize, approve or certify postsecondary institutions or programs should make protection of the educational consumer part of their criteria for recognition, approval or certification. In cases when an approval or certifying function is assigned to an agency which does not possess the requisite skills involved, the agency should delegate this responsibility to, or contract with another agency which has the necessary mechanism for carrying out the function.

B. Agencies should review their criteria at least yearly to insure that they are providing maximum possible protection to the consumer of postsecondary education.

C. If such protection is not achieved, agencies shall take the necessary steps to meet their criteria and/or change their criteria to achieve the desired level of educational consumer protection.

D. In reviewing the statutory requirements for establishing institutional or program participation in Federal aid programs, agencies should include the following consumer-oriented measures: (1) Alternative evaluative processes for determining institutional probity and the quality of training or education offered.

(2) As conditions for eligibility of postsecondary occupational institutions or programs, the institution should be required to:

(a) Make full public disclosure of student dropout and course completion rates, and in the event the school publicly advertises job claims, it makes disclosure of job placement rates, and all other "material information" concerning the school and its programs.

(b) Demonstrate achievement of occupational objectives through placement of graduates in the positions for which they sought training.

(3) As a condition for eligibility of postsecondary institutions or programs, the institutions should be required to charge only for services actually rendered. For that reason, institutions should establish and publish a pro-rata refund policy.

(4) Procedures for terminating the eligibility of any institution participating in Federal student or institutional assistance programs when it is established that such institution utilizes advertising, sales, enrollment, or other practices of any type which are erroneous, deceptive, misleading, or unfair either by acts or omission.

E. Use by a postsecondary institution of deceptive or high pressure sales techniques should be considered as negative factors pertaining to eligibility for participation in Federal funding programs. Serious consideration should be given to an outright prohibition against use of such techniques as a condition for participation.

F. Government funding and guarantee agencies should require schools to have a ten-day affirmation period as a requirement for eligibility. An affirmation period is a variant of the "cooling-off" concept. It is where the student is required to take affirmative actions to continue in force a contract for educational services rather than to take affirmative actions to cancel the contract as is seen in the conventional "cooling-off" formulation. This would conform to the affirmation requirement presently utilized by the Veterans Administration.

Principle 4

State educational agencies and private associations or agencies which have direct responsibility for accrediting, approving, licensing and certifying educational institutions and students, should do so with issues of consumer protection clearly in mind. The overall effort to protect the educational consumer must involve consumer agencies and organizations, both public and private.

Action Steps

We recommend that:

A. FICE explore with the Education Commission of the States development of a clearinghouse of information, which in effect would be a data bank of information on all postsecondary education programs. Such a data bank might serve to enable students, prospective students, counselors, and other consumers of postsecondary education services to make informed judgments regarding selection of institutions and/or programs that would be responsive to their needs.

B. FICE continue to support the Model State Legislation for Approval of Postsecondary Educational Institutions, as recommended by the Education Commission of the States, June 1973.

C. FICE encourage ECS and the National Association of State Administrators and Supervisors of Private Schools to provide assistance to those States which do not possess "approval" legislation, or which are interested in streamlining the existing legislation. The purpose of this assistance should be the adoption by States of legislation at least as strong and pro-consumer as the Model Legislation.

D. Federal assistance and guidance should be provided under appropriate guidelines to State and private agencies and organizations for the following purposes: developing greater competence; improving systems analysis and design in the educational evaluative process; and encouraging the exchange of information between organizations concerned with consumer protection and education. Any such assistance should be for developmental rather than operational purposes.

E. FICE encourage and work with the National Office of Consumer Affairs to involve consumer agencies and organizations in educational consumer protection activities.

In summary, we recommend that Federal agencies look to their own systems, cooperate with other Federal agencies, and also take a supportive stand in effecting better liaison and cooperation with State, local, public and private agencies to protect the educational consumer.

APPENDICES

APPENDIX I

FEDERAL INTERAGENCY COMMITTEE ON EDUCATION

Virginia Y. Trotter, Chairperson
Assistant Secretary for Education
Department of Health, Education, and Welfare

Members

*Commissioner of Education
*Director, National Institute of Education
*Department of State
*Department of Defense
*Department of Agriculture
*Department of Labor
*National Science Foundation
*Energy Research and Development Administration
*National Aeronautics and Space Administration
ACTION
Alcohol, Drug Abuse, and Mental Health Administration
Civil Service Commission
Community Services Administration
Department of Commerce
Department of Housing & Urban Development
Department of the Interior
Department of Justice
Environmental Protection Agency
National Endowment for the Arts
National Endowment for the Humanities
National Institutes of Health
Office of Child Development
Social and Rehabilitation Service
Veterans Administration

Observers

*Office of Management and Budget
*Council of Economic Advisors
Council on Environmental Quality
National Academy of Sciences
Smithsonian Institution

Bernard Michael
Executive Director

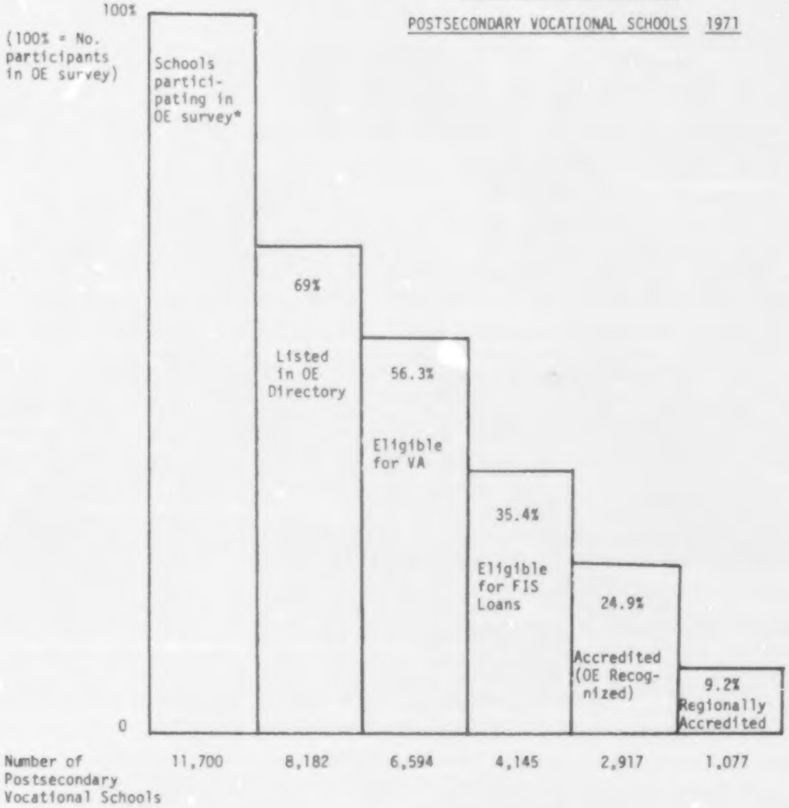
*Agencies named in Executive Order 11761

APPENDIX II

Chart A

VARIATIONS OF ELIGIBILITY

POSTSECONDARY VOCATIONAL SCHOOLS 1971



*Total number of postsecondary vocational schools is unknown, and there is no reliable estimate. This survey taken from Orlans et al, Table 6, p. 317.

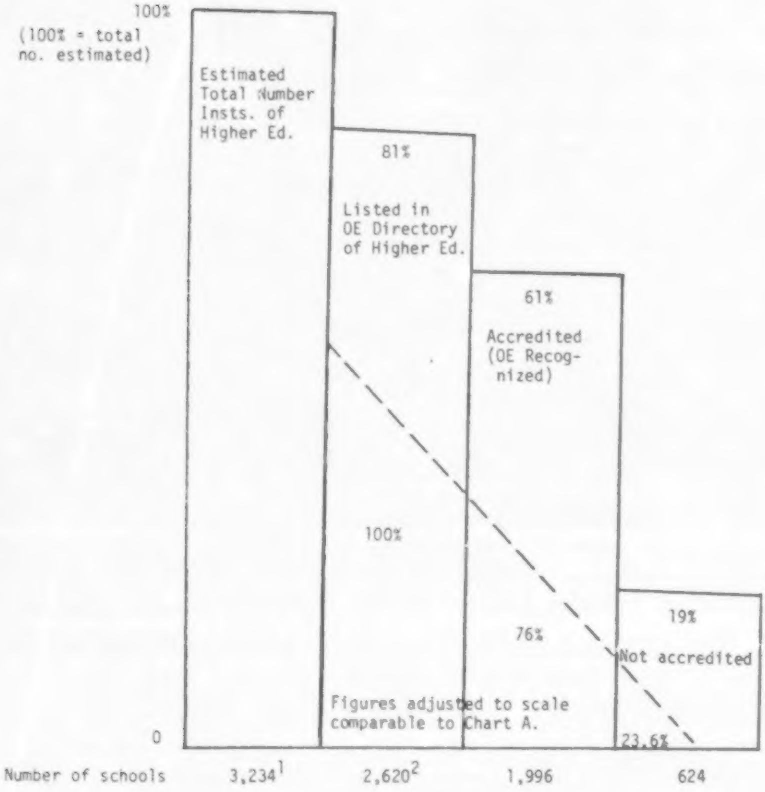
Source: Directory of Postsecondary Vocational Schools, 1971, (OE 1973) p. XIX.

APPENDIX III

Chart B

VARIATIONS OF ELIGIBILITY

HIGHER EDUCATION - 1972



[1] Orlans et al, p. 308, from SAA Survey.

[2] As adjusted by Orlans et al, p. 296.

APPENDIX

IV

DRAFT SUGGESTIONS BY THE FICE SUBCOMMITTEE ON EDUCATIONAL CONSUMER PROTECTION FOR EDUCATIONAL COMPLAINT GUIDES

EDUCATION COMPLAINT GUIDES

No organized and well-publicized mechanism exists at any level to handle complaints concerning educational consumer problems. These problems are increasing, as is the number of agencies and organizations -- educational and consumer-oriented, Federal and local -- involved in solving these problems. Likewise, more consumers are now voicing their complaints and concerns. The need for effective action, therefore, has been intensified.

The FICE Subcommittee on Educational Consumer Protection has incorporated into its strategy for Federal action its personal concern about the present unreliable, or non-existent, redress system. It has also incorporated the recommendations of the first National Conference on Consumer Protection in Education and recommends to FICE as part of the strategy that a Federal Educational Complaint Clearinghouse be established. Attached are two drafts of complaint guides.

D-R-A-F-T (A) is the simpler version.

-- It asks the student to document his or her complaint and submit it directly to a Federal office.

-- This Federal office, which is not yet established, would acknowledge receipt of the complaint to the student.

-- It would forward to, and follow-up with, the Federal or State, public or private, agency having legal authority to take action.

-- It would also notify appropriate Federal offices if and when a certain number of complaints were received concerning the same school. This warning could alert the Federal student assistance programs, for example, that they should watch closely, if not curtail, loans they insure or benefits they approve for students to attend that school.

-- The Federal office would also issue show-cause orders or take other legal action to investigate potential abuses by, or temporarily halt Federal outlays to, a certain school.

-- The Federal office would serve as an information and research center, coordinating and documenting information and issues on educational consumer problems. It would be able to keep informed the other interested Federal, State and local agencies and organizations. It could also handle some of the badly needed research into educational consumer issues.

D-R-A-F-T (B) represents a fairly complex redress mechanism under which the student must figure out which agency has authority to help him. The student must also be willing to send a copy of his complaint to a yet undesignated Federal office. This office would simply record complaints and coordinate with other agencies actively involved in complaint handling.

The FICE Subcommittee is now studying possibilities for educational redress in greater detail. Obviously much thinking will be needed on the establishment of a Federal office, pilot test for the complaint guide, involvement of consumer organizations, dissemination, research, etc.

D-R-A-F-T (A)

EDUCATIONAL COMPLAINT GUIDE

Misled? Signed in a hurry? Promised a job? Hit with unfair refund policies? The professors and administrators don't respect your adult consumer rights?

**** INTRODUCTION ****

This guide may help you if you or your parents believe you are, or have been, victimized by an educational institution or an employee of such an institution. It provides a complaint form for use by you, by those who can help you, and by the Federal agencies who want to resolve educational consumer problems.

The word "consumer" here means you -- the person who agrees to purchase educational services of an institution, program or skills center at the post-secondary level (meaning after high school).

This guide can be most useful to consumers with specific complaints or definite concerns. People with "gripes" against an institution should more properly express these dissatisfactions to the institution's student council or administration.

---- HOW TO COMPLAIN ----

If you have a serious complaint:

1. Contact the school and discuss your problem with a school official.

2. Put your complaint in writing (see the attached form). Keep a copy for yourself. Save copies of all correspondence.

3. Mail a copy of your complaint to the Federal Student Complaint Center, ______________________________ ______________________________ ______________________________. This office will acknowledge receipt of your complaint, forward your complaint to the public or private agency with legal authority to handle your complaint and follow up on the progress that agency makes to resolve your complaint.

4. Be patient and thorough. Document your discussions and correspondence. And collect all relevant information such as copies of school catalogs and advertisements.

COMPLAINT FORM (Please Print) Today's Date ______

(Information You Provide Will Be Considered Confidential)

My Full Name ______________________________

My Address ______________________________

My Telephone Number (Area Code ___) ______________________________

School Name ______________________________

School Address ______________________________

School Telephone Number (Area Code ___) ______________________________

THIS COMPLAINT CONCERNS - check one or more of the following:

1. Money owed to me by the school ____
2. Money owed by me to a bank or school ____
3. Misleading claims or ads about the school ____
4. Misrepresentation of school's refund policy, contracts or agreements ____
5. Misrepresentation of the school's job placement services ____
6. Abuse of student rights ____
7. Other (Please identify)

____

____

____

____

EXPLAIN IN FULL YOUR COMPLAINT - describe events in the order in which they happened; include dates and names; identify what you can about the school (e.g., were you told it was accredited by the Federal government or approved by the Veterans Administration?)

Name of school official with whom I have discussed this matter: ______________________________ His/her title: ______________________________

When: ____________________

____

____

____

____

____

____

____

____

D-R-A-F-T (B)

EDUCATIONAL COMPLAINT GUIDE

Misled? Signed in a hurry? Promised a job? Hit by unfair refund policies? The professors and administrators don't respect your adult consumer rights?

**** INTRODUCTION ****

The purpose of this complaint guide is three-fold: to offer guidance to students or parents who believe they are, or have been, victimized by an educational institution or an employee of such an institution; to provide a complaint form for use by the consumer or agency; and to identify some of the public and private agencies who can help resolve educational consumer problems.

We also hope to research consumer problems in the educational sector. Therefore, this complaint guide may serve both consumers and agencies attempting to resolve educational consumer problems.

The word "consumer" here means the person who agrees to purchase the educational services of an institution, program or skills center. The guide is concerned, therefore, with students as consumers, particularly at the postsecondary level.

This guide can be most useful to the consumer with a specific complaint or definite concern. People with "gripes" against an institution should more properly express these dissatisfactions to the institution's student council or administration.

---- HOW TO COMPLAIN ----

If you have a serious complaint:

1. Contact the school and discuss your problem with a school official. Keep a record of your discussion.

2. Put your complaint in writing (use the attached form). Keep a copy for yourself. Save copies of all correspondence.

3. Submit your written complaint to one or more of the agencies listed on pages 69-70 with a notice that you will follow up in 10 days with a telephone call (if at all possible; if not, write again).

4. Mail a copy of your complaint to the Federal office listed on page 70.

5. Call the agencies in (3) above to see how they are progressing with your problem.

6. Be patient and thorough. Document your discussions and correspondence. And collect all relevant information such as copies of school catalogs and advertisements.

COMPLAINT FORM (Please Print) Today's Date ________

Full name ______________________________

Address ______________________________

Telephone number (Area Code) ______________________________

School's name ______________________________

School's address ______________________________

School's telephone number (Area Code) ______________________________

THIS COMPLAINT CONCERNS - check the following:

1. Money owed to me by the school ____
2. Money owed by me to a bank or school ____
3. Misleading claims or ads about the school ____
4. Misrepresentation of school's refund policy, contracts or agreements ____
5. Misrepresentation of the school's job placement services ____
6. Abuse of student rights ____

EXPLAIN IN FULL YOUR COMPLAINT - describe events in the order in which they happened; include dates and names; identify what you can about the school.

Name of school official with whom this matter was discussed: ______________________________

______________________________, His/her title: ______________________________

When: ______________________________

____

____

____

____

____

____

____

____

____

____

REDRESS

There is no one office which can solve all educational consumer problems. You may have to write to several offices; please be patient. The list below is not exhaustive, but we have tried to identify the major educational and consumer offices that could produce results for you. Be sure to send a copy of your complaint to the Federal office mentioned on page 70.

1. Federal Agencies

A. Accreditation and Institutional Eligibility Staff
Bureau of Postsecondary Education
U.S. Office of Education
Washington, D.C. 20202
(If the educational institution or program is participating in Federal assistance administered by the U.S. Office of Education, such as the Guaranteed Student Loan Program)

In most instances where the school or program is accredited by an accrediting agency or association recognized by the U.S. Commissioner of Education, the staff conducts its review in conjunction with the appropriate accrediting body.

B. Bureau of Consumer Protection
Federal Trade Commission
Washington, D.C. 20580
(If the educational institution is a proprietary profit-seeking vocational or home study school)

C. Fraud Branch, Postal Inspection Service
U.S. Postal Service
Washington, D.C. 20260
(If the educational institution or program does business by mail, or uses the mail to transport its advertisement which you believe leads to fraud)

D. Education and Rehabilitation Service
Veterans Administration
Washington, D.C. 20420
(If the institution or program is approved for veterans education benefits)

E. Aviation Education Programs Division
Office of General Aviation, Federal Aviation Administration
Washington, D.C. 20590
(If the institution is a flight school or aviation mechanics school approved by the FAA)

F. Office of Consumer Affairs
Department of Health, Education and Welfare
Washington, D.C. 20201
(This office will be interested in your complaint, but will only be able to refer your complaint)

II. State and Local Agencies

A. State Licensing Agencies
(Find out from the school which State agency, if any, licensed the school -- probably the State Department of Education or the State Approving Agency for veterans benefits)

B. State, Regional or National Accreditation Agency
(Find out from the school if it is accredited and by which agency)

C. State Attorney General's Office
(Assistant Attorney General for Consumer Protection)

D. County or City Offices
(Call the Mayor's Office or check the telephone book)

III. Private Consumer Organizations

A. Citizen Consumer Councils

B. Legal Aid Society

C. Better Business Bureau

D. Newspaper and TV "Action Lines"
(To find addresses of the above, ask a friend or consult the telephone book)

IV. If all else fails, write your State or U.S. Senators and Congressmen.

NOTE: Please mail a copy of your complaint to the Federal office located at ____.
You will be helping us serve you. This copy will be used for official purposes only.

YOUR OWN NOTES

[From the Change, December 1976]

VIEWPOINT—IS THERE FRAUD IN EDUCATION?

(by George Arnstein)

Yes, there is fraud in American post-secondary education, ranging from diploma mills to phony student loans. There also is friction because various agencies, including state and federal governments, are trying to clean things up. The colleges, feeling overregulated and virtuous, tend to resist, and the whole issue of consumer fraud—and consumer protection—is attracting increasing attention.

The problem has several dimensions, deriving essentially from the long tradition of state and local control and the prohibitions against federal interference. This means that federal administrators have resisted federal licensing of schools (with some unusual exceptions such as aviation schools licensed by the Federal Aviation Administration), have relied on state charters and licenses, and above all have turned to private voluntary accreditation as a means of quality control.

This nonsystem worked reasonably well in the past when college students tended to be the sons of college graduates who went to established colleges or their more recent replicas: Everyone knew the rules of the game and how to cope with the puffery of college catalogs, the policies of no refunds, the bending of rules for promising athletes, the favoritism for offspring of alumni, and the courtesies extended to certain trustees or prospective donors. Besides, colleges were expected to function *in loco parentis*, to the satisfaction of the parents and with the acceptance of students who were told when to register and when to attend chapel and physical education. Further, there was no federal money involved, so there was no need for federal regulation, except for an occasional postal inspector who sought to restrain an occasional diploma mill.

Federal funds entered the picture with the passage of the GI Bill in 1944 including stipends for veterans attending college, trade school, on-the-farm training, and other forms of "postsecondary" education (a word not then in common use). The result was an immediate increase in fraud, scandals that provoked a Presidential message on reforms, and revisions in the second (1951) edition of the GI Bill devoted to veterans of the Korean war.

As federal programs multiplied—basic grants, federally insured loans, supplementary grants, work-study, Social Security for dependents, graduate fellowships—so did the opportunities for abuses. Veterans learned how to sign up for courses they did not intend to complete just to collect a monthly stipend. College administrators used such nonattending students to boost their enrollment figures to justify larger budget requests. Profit-making schools hired more salesmen, collected tuition, and encouraged federal loans, including the diversion of the proceeds to buy automobiles and other goodies. Education is not unique but it may have been unprepared. Educational administrators sometimes were taken in by enterprising students and sometimes acted in collusion with them to exploit the flow of federal funds.

The dimensions of the problem are massive; In the case of the federally guaranteed student loan program, the General Accounting Office (GAO) estimated the defaults would reach 24 percent; the U.S. Commissioner of Education objected that this was too high, that the defaults would reach "only" 18 percent. As for veterans' payments, the GAO has found rising and massive overpayments, probably exceeding $800 million in 1976 for all educational beneficiaries under the GI Bill.

Some of the defects go back to Congress, which authorized prepayments to veterans and thus helped to swell overpayments. Other errors are at the administrative level, such as the heavy reliance on state approving agencies that in many states have neither the manpower nor the talent to carry out the tasks they agree to perform. And a central weakness rests with the accrediting bodies that were never intended to be inspectors of the business office and are less than reliable guardians of the quality of educational services. Nevertheless the Commissioner of Education annually lists accrediting agencies that he deems to be reliable authorities on the quality of education offered by their institutions.

While some students gleefully exploit the system, others are frustrated because they are being promised too much and are getting too little. Profit-making schools are the worst offenders, with offers of free lifetime placement services, modern equipment, references to high salaries after training, and aggressive salespersons on commission. Some colleges use equally offensive tactics, including false claims of accreditation, invocations of faculty who are not part of the teaching staff, allegations of student financial aid that is actually minimal or heavily restricted, and general reliance on the obsolescent finding that college graduates have much better lifetime earnings than high school graduates.

When students learn that the free placement service consists of a referral to the yellow pages, or when they learn that the high salaries go to programmers while the school has trained them in low-paying keypunching skills, they feel cheated and alienated, and have been known deliberately to default on their loans. Some think they are punishing the school when in fact their personal liability continues.

It is possible that part of the problem derives from a series of misunderstandings. But in fact, many colleges and trade schools have often been reluctant or unmotivated to deal with shortcomings such as misleading and inaccurate advertising, indiscriminate and overly aggressive recruiting, lack of salient institutional information, inferior facilities, course offerings, and staff, false promises of job placement and learning opportunities, and inadequate refund policies (or failure to abide by them). This list was used by Terrel H. Bell, former U.S. Commissioner of Education. It notably omits the overpayments to veterans who drop out of school, probably because the Commissioner has no responsibility for a program entrusted to the Administrator of Veterans Affairs. What seems most startling is that nobody is in charge of preventing fraud and abuse in American education, a fact that reflects the deliberate diversity and decentralization that provide student financial aid to almost every type of student. No single set of regulations is likely to cover the range of contingencies, and thus the regulations multiply and go into increasing detail as they seek to keep up with the variety of educational experiences.

Institutions are having trouble with full disclosure because they have trouble describing accurately their own educational requirements for programs that have no regular classes, no single traditional textbook, no uniform requirements of students, and no final examination. While the Newman Report claimed that there is increasing homogeneity among colleges, which would make regulation rather more simple for the federal watchdogs, there is in fact great reliance on life experience, fieldwork, individual projects, and other variations. The Veterans Administration is going mad trying to keep its disbursement system honest and responsive. Life was so much simpler when schools took daily attendance and things were neat and orderly and homogeneous.

What to do cannot be described in a short essay, but clearly the schools and colleges can begin by providing better, more candid disclosure. What can a student reasonably expect in the way of equipment, staff, courses, and facilities? What is the attrition rate and how do the graduates fare in the labor market? What are the various charges and refund policies? How much student financial aid is readily available?

State authorities need to tighten their operations in most states. They now issue charters and licenses rather generously, and state approving agencies approve courses for veterans without offering any assurance that this "approval" means a damned thing. The approval system is heavily subsidized by federal funds, authorized by rather detailed federal standards; it tolerates continuing violations. For example, there is a federal statute prohibiting misleading advertising that state approving agencies are charged with enforcing.

The accrediting bodies are a weak link in the chain. While students are told, sometimes by implication and sometimes explicitly, that accreditation means quality control and integrity, the accrediting bodies, when pressed, claim at best that they inquire into *educational* standards, that there are no absolute standards, that each school is free to state its own goals and objectives (which are not necessarily the same goals or standards fed to the students in catalogs). In short, the accrediting bodies are being used for purposes never intended, and are expected to ensure standards they cannot or will not enforce.

As for the federal government, it is trying to come up with a regulation for every evil rather than a system that provides incentives for preventing evil. When the default rate goes up, the answer at the Department of Health, Education, and Welfare is to hire another hundred bill collectors. When rising overpayments to veterans were disclosed by the GAO, the Veterans Administration tried to force the colleges to take daily attendance (and then explained that the instructions were misunderstood in some regional offices and on many campuses).

The basic flaw is simple: Academics have usually assumed that education is a clean, honorable enterprise that could do without the petty regulations of the world of commerce and profit. The first thing to do is to change this assumption, and the second is to design a system that takes advantage of self-regulation and disclosure, clarifies the role of private voluntary accreditation, and links the efforts of state licensing and approval staffs with an overall federal effort that could and should be kept to a minimum. It certainly could include some financial support to pay for the services to be performed by state and accrediting officials on behalf of the federal administrators and programs.

The reformed system also ought to recognize that students are adults, that they can and should be expected to look out for themselves, but that this calls for truthful and usable information. It also calls for the establishment of a place to complain if disclosures are thought to be false, misleading, or incomplete. Few schools and colleges today have an ombudsman, and there is no central agency where an aggrieved party (who may well be wrong) can take an appeal.

Nobody is in charge; there is no system; and there is no agreement as to suitable ethical standards.

2819

The National Academy of Education

THROUGH EDUCATION TO EARNINGS?

A review by

Mary Jean Bowman
The University of Chicago

of

Formal Education and Adult Earnings, by
Ingemar Fägerlind

Education, Occupation, and Earnings: Achievement in the Early Career, by William H. Sewell and
Robert M. Hauser

Higher Education and Earnings: College as an Investment and a Screening Device, by
Paul Taubman and Terence Wales

*Proceedings of the
National Academy of Education*
Vol. 3, 1976, pp. 221-292
Copyright © by the National Academy of Education, 1976
All rights reserved.

BOOK REVIEW[*]

Mary Jean Bowman[†]
The University of Chicago

Through Education to Earnings?

Formal Education and Adult Earnings, by Ingemar Fägerlind. Stockholm: Almqvist & Wiksell, 1975. 105 pp. SKr12.50.

Education, Occupation, and Earnings: Achievement in the Early Career, by William H. Sewell and Robert M. Hauser, with the assistance of Duane R. Alwin, Dorothy M. Ellegaard, Janet A. Fisher, Kenneth Lutterman, and Vimal P. Shah. New York: Academic Press, 1975. xviii + 237 pp. $16.50.

Higher Education and Earnings: College as an Investment and a Screening Device, A Report Prepared for the Carnegie Commission on Higher Education and the National Bureau of Economic Research (General Series 101), by Paul Taubman and Terence Wales. New York: McGraw-Hill, 1974. xxxiii + 302 pp. $17.50.

Each of these books is concerned with the processes of career development, and each is a longitudinal study. Each gives central attention to what schooling may or may not contribute to earnings. And each takes account of family background and personal ability. Each book was preceded by a stream of articles over the past decade appearing mainly in literature on social mobility and status attainment or on human investment (see Appendix A). The analyses by Fägerlind and by the Sewell-Hauser team include occupational status in the sequence of individual attainment, whereas Taubman and Wales present crosstabulations of education-occupation relationships for major occupational categories and then repeat the regressions within three sets of major occupation categories. All of these studies are limited to males; none makes more than casual reference to females, though later analyses of Wisconsin and Swedish data may deal with them.[1]

---

[*] Preparation of this review has been sponsored by the National Academy of Education under a grant from The Ford Foundation for support of activities of the Academy concerning public understanding of research on education. The opinions expressed are those of the author and do not necessarily represent the position of either the National Academy of Education or The Ford Foundation.

[†] The reviewer is indebted to the Guggenheim Foundation for the opportunity to extend her study of the literature that constitutes the background of this essay. More personally, she is heavily indebted to C. Arnold Anderson for his generous service throughout as teacher and editor.

---

[1] This is a review of certain books; several related, published and ongoing studies (including longitudinal ones) are not systematically discussed, though some are in the bibliography: for example, the Douglas, Ross, and Simpson (1968) studies in Great Britain; the Alexander and Eckland studies (1973, 1974, 1975a, 1975b) from North Carolina; Project Talent; the new longitudinal study of the 1972 high-school graduates by the U.S. National Center for Education Statistics. Samples vary in character and scope, but all these studies are complementary to the ones here reviewed, and some comments have been affected by my casual perusal of interim reports. None of the three books reviewed includes race (or sex) comparisons, and I have omitted such studies in references and from my comments. However, three 1972 essays from the Johns Hopkins studies (Part 1, Coleman, Blum, Sorenson, & Rossi; Part 2, Blum; and Part 3, Coleman, Berry, & Blum [all Parts, 1972]) center on comparisons of white and black men. Their methodology and results may bear upon future work within each race. In particular, I urge readers to turn to Part III of that set of articles, in which the authors carried out a canonical analysis that yielded, first, a scaling of career options in which (from an early stage) the prestige and monetary advantages of the occupation were positively associated and, second, a scaling of career options along a continuum from high prestige with low monetary rewards to low prestige with high monetary rewards.

Appendices B and C delineate these studies from two perspectives. In Appendix B each study is checked against a list of important specific questions. Appendix C presents the sample populations and the nature and quality of the data used; it should serve as a reference base throughout the ensuing discussion.

The richest of these books in substantive contribution and in analytical ingenuity is that by Sewell and Hauser. They state their principal purpose as "to chart the complex process by which one's social origins influence one's capacities and achievement in education, occupational, and economic spheres." Their report makes use of a scholarly heritage from both sociology and human-capital economics. Their data relate to the cohort of 1957 high-school seniors (excluding sons of farmers) from Wisconsin; the main limitation of this report lies in the fact that only the early postschool careers can be examined. In this book (in contrast to earlier Wisconsin work) for the first time, use is made both of data on earnings of individuals in the sample and on parental incomes for the year 1957, an inclusion in part reflecting economists' influence (notably Becker, 1964/1975; and Schultz, 1960, 1961, 1963). The lineage of the book, nevertheless, lies in the tradition of sociological work on intergenerational social mobility, more often approached recently as "the status attainment process." Like its forebearers, this analysis begins with family background and continues through ability, schooling, occupational status, and earnings. Using a causal-chain model and path analysis,[2] the authors compare their findings with those of related studies. Particular attention is given to the influence of *significant others* on plans (or aspirations) for further schooling and for occupation and to the influence of those aspirations, in turn, on attainments.

Fägerlind's book is more modest, and it has a tidiness that reflects parsimony in formulation and in straightforward exposition--but it is only a partial report on a body of data fully as comprehensive as that in the Wisconsin study. His stated goal was "to study the ways environmental and personal resources are converted into occupational status and earnings." He reports on 1,500 individuals who in 1938 were in their third year of school (normal age 10) in Malmö, Sweden. The initial data were supplemented cumulatively by meticulously collected information about earnings and other items at five-year intervals from 1948 to 1968, and for 1971. Working sometimes with collaborators--all generously backed by Professor Husén, who assured continuity in the overall project--alternative analyses have been reported. Though this team consisted mainly of educational psychologists, the innovative sociological approaches of recent years are assimilated. Responding to the arguments of human-investment economists and benefiting from their findings (especially Mincer, 1970, 1974a, 1974b), Fägerlind uses the logarithm of earnings as a dependent variable,[3] and he views his work as an application of the "resource conversion theory" (Coleman, 1971). Otherwise, Fägerlind makes less use of modern economics and does less to facilitate economic interpretations than the Wisconsin team. Reports from the Malmö study have other distinctive features, however. Whereas the other two books cover only high-school graduates and thereby cut off the lower tail of the education variable, the Malmö data include all levels of schooling (even nonschool training and training of individuals with deficient learning capability). Of special importance in the Malmö sample are the measures of mental ability in 1938 (at age 10) and then again in 1948 with the universal tests for military conscription. Thus, Fägerlind gives us the only analysis of schooling as an intervening variable between initial and later measured ability. Other attempts to explore this relationship have relied on constructed matrices that combine data from different sources (O. D. Duncan, 1968; O. D. Duncan, Featherman, & B. Duncan, 1972; Jencks, Smith, Ackland, Bane, Cohen, Gintis, Heyns, & Michelson, 1972). Fägerlind also incorporated interaction terms within the path analysis. Finally, the Swedish study compares the effects of two different indicators of education, years of school completed and a measure of achievement level. The Malmö data are the most dependable of the three sets, although those for Wisconsin are nearly as remarkable (see Appendix C).[4]

---

[2] Their principal methodology is similar to Fägerlind's but includes metric as well as standardized coefficients in all cases. Diverse other methods are used for examination of particular related questions.

---

[3] These are standardized regression coefficients only in most cases, however.

When we come to the study by Taubman and Wales, we have to turn our thought processes around. As their statement of purpose, "to obtain good estimates of the rate of return to higher education at various ability and education levels," and their title make clear, this report stems from the stream of research in human-capital economics but is also heavily affected by recent economic theories of education as a "screening" device; these are not, as often is assumed, incompatible viewpoints. The Taubman-Wales base population consists of men who volunteered and were accepted for training as pilots, navigators, or bombardiers in 1943. A sample of these men was studied first in 1955 by Thorndike and Hagen, and that sample was followed up in 1969 by the National Bureau of Economic Research (commonly known as the NBER-Thorndike sample). The initial selection for the tests excluded all who scored below the median for high-school graduates, and there was further upward bias in the 1969 sample. These men were selected (and self-selected) for particular interests and aptitudes.

Taubman and Wales address themselves to two main questions: (a) How large are the biases on education coefficients if ability and family background are omitted in the analysis of earnings? (b) What part of the differences in earnings associated with educational attainment is attributable mainly to the effects of schooling on productivity and what part to the use of education as a screening device? Starting with these questions, Taubman and Wales reverse the order of equations in step regressions; instead of a series of endogenous variables in a path sequence, they compare equations all of which take earnings as the dependent variable. In the language of path analysis, they measure the direct effects of independent variables by partial regression coefficients. They do not trace the indirect effects on earnings of family background or initial IQ, as the latter may be mediated by schooling, later intelligence, or occupational status. The main contribution by Taubman and Wales, in my judgment, is their specification of different sorts of mental ability, which have different impacts in their regressions. Highly controversial, to put it mildly, is their method of testing for screening.

---

[4] An independent preliminary investigation using the Malmö sample and follow-up studies is reported in DeWolff and Van Slijpe (1973).

All three studies concentrated on the supply side of labor markets; none uses a simultaneous equation model that incorporates demand. Yet each study necessarily observes earnings that are determined by demand as well as by supply factors; in omitting the demand factors they leave earnings econometrically underdetermined. This is hardly surprising; no one yet has produced a good analytical model for the demand side of the relationship.[5] "Manpower-requirements" methods are of no use for analysis of earnings differentials and have failed miserably on their own ground of quantitative prediction--more relevant when occupational status is the dependent variable. Although Taubman and Wales, in discussing screening, must introduce assumptions about demand behavior, there is no modeling of this for econometric (or sociometric) testing. Moreover, as soon as we raise questions about shifts in market experience from one cohort to another, we are implicitly recognizing the necessity of taking demand into account, along with changes in the distribution of education. Each of these studies pertains to one cohort; this has many advantages compared to cross-section data. However, it is misleading to speak of the pattern of career development abstracted from space and time.

The ensuing critique will be organized under two main headings: (a) career development as a sequential process and (b) education and earnings in economic perspective.

---

[5] The book of essays edited by M. S. Gordon (1974) is one of the more recent in a long history of attempts to assess markets for educated people. However, tests of the functioning of those markets and of responses of students to shifts in demand-supply relationships have been rare. The work by Freeman (1971, 1974, 1975a, 1975b, and elsewhere) is an important exception. For an outstanding, highly sophisticated analysis of treatments of the demand side of the market implicit in various analyses of education and life-earnings profiles, see Rosen (1975/1976).

Career Development as a Sequential Process

Taubman and Wales start, as it were, from earnings and the labor market and then move back to education. They do not ask what determines schooling or who receives how much of it. Elsewhere they have given us excellent estimates of shifting profiles of ability among entrants to college (Taubman & Wales, 1972a), but they do not link their two studies. Systematic analysis of sequential processes has been provided mainly by sociologists using path models; use of the latter is almost inevitable given the nature of the problem. Path analysis provides--indeed requires--a prior theoretical specification of presumed sequential developments, and construction of the model contributes to conceptual clarity. It matters little whether we call this a "status-attainment" model or a "resource-conversion" model. I begin by examining the earlier stages in the path sequence.

From Family Background to Education

From the outset certain problems confront us. Which variables for family background shall we use (assuming we have the data), and why? How do we deal with multicollinearity in the effects of these variables on the amount of schooling? Is our measure of ability "clean," that is, separate from (and not itself affected by) the differences in education that we are trying to explain? Even if the ability measure is suitably dated, should we enter that measure as an initial variable (along with family background) or as an intervening variable between background and schooling? One of these questions can fortunately be answered; for both the Wisconsin and the Swedish studies we have a measure of ability that is prior to the acquisition of the differences in education being studied: at age 10 in the Swedish data and at the last year of secondary school (their starting point) in the Wisconsin study. (Comment on the handling of background variables is deferred.)

Both studies place their ability indicators (here abbreviated as IQ) after the background variables and before schooling (as did Jencks et al., 1972). In related research by O. D. Duncan (1968), IQ was included among the initial, "predetermined" variables, that is, with home environment.[6]

Sewell and Hauser present the simplest model along with others that are more complex. In their simplest model they use only father's education (FATHED) and occupation (FATHOC) as background variables; that model (shown here as Figure 1) illustrates the use of a path diagram. (For discussions of path analysis, see O. D. Duncan, 1966, 1969, 1971; Heise, 1969; Land, 1969.) We observe that the zero-order correlation between the two background variables is .425 (written beside the double-headed arrow joining them). The figures on the single-headed arrows from FATHED and FATHOC to IQ are standardized regression coefficients (path coefficients) in the equation viewing IQ as the dependent variable: These are the direct effects on IQ of each of the background variables while controlling for the other (or others). In the next equation the son's education (ED) is the dependent variable; we have three path coefficients to ED (each showing direct effects with others constant): from FATHED .153, from FATHOC .156, and from IQ .381. There are also indirect routes from FATHED and FATHOC to ED via IQ. The indirect effect of FATHED on ED via IQ is the product of the direct effect of FATHED on IQ and the direct effect of IQ on ED (.215 x .381 = .082); that indirect effect is only half of the direct effect. Although the direct effect of FATHOC on ED is just larger than that of FATHED, FATHOC's indirect effect is smaller (.035) because of the much smaller path coefficient from FATHOC to IQ. The diagram is completed by the hypothetical path coefficients for "missing variables," which for each endogenous variable equals the square root of its unexplained variance.

Another feature of this analysis merits comment at this point. The sum of indirect plus direct effects from each variable to ED is conventionally called its total effect, which is .235 for FATHED and .191 for FATHOC. In the model under scrutiny IQ has only a direct effect,

---

[6] The placement of early IQ as a variable is not critical, provided all we seek to know is the extent to which educational attainment is determined by all of these "early" variables jointly and by each "directly" (controlling for the others). However, it is convenient and harmless to place IQ in the first intermediate position provided we interpret results carefully.

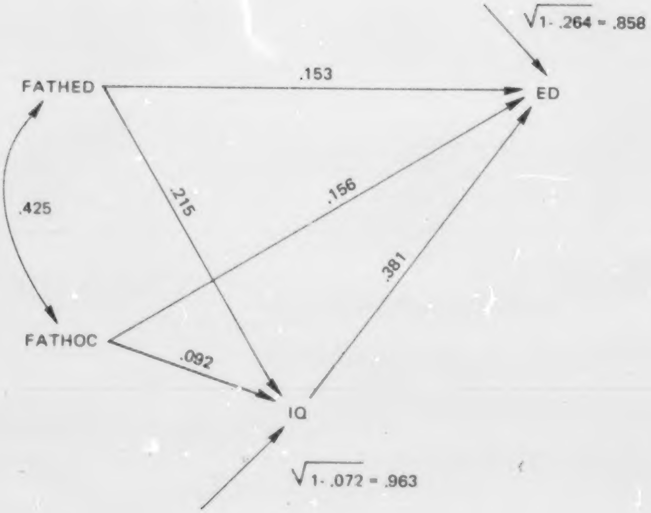


Figure 1. Source: Findings in Sewell and Hauser, 1975.

which equals its total effect. The contribution of these effects to the explanation of the total variance in ED is the squared coefficient; this gives us $(.235)^2 + (.191)^2 + (.381)^2 = .236$--which may be compared with the cofficient of determination .264 in the full equation. The difference (.264 - .236 = .028) reflects primarily the effects of FATHED and FATHOC that were excluded because the measured effects of each were controlled for the effects of the other. Similarly, the "total effect" of a variable usually will be less than its zero-order coefficient of correlation, for the latter includes not only the specified paths but also what the variable, used alone, picks up of the effects of other variables included in the equation.[7] Ideally we would like each "independently determined" variable to be truly such.[8]

---

[7] For one way of handling this type of situation in path analysis, see Land (1969). Alwin and Hauser (1975) provide a convenient summary of the way components of the correlation between any two variables in a recursive model may be classified. They list (a) correlation involving unanalyzed association among predetermined variables, (b)

The Wisconsin team experimented with a larger set of variables for family background than those used in the book by Fägerlind. They were able to add data on parents from tax and Social Security files, going back to 1957 when the men in the sample were high-school seniors. They did not include size of family, but (as in Hauser, 1973b) they included total parental income and mother's education. Very little improvement in prediction of either IQ or educational attainment resulted from these additions. Because education of the two parents is correlated, the path coefficient from father's to son's education is much reduced by adding mother's education.[9] (However, perhaps surprisingly, there is no parallel reduction in the path from father's education to son's IQ.) Difficulties in interpreting a model that uses several highly correlated background variables are one reason why many investigators prefer to use a composite

---

correlation due to joint dependence on common or correlated variables, and (c) "effects." Total "effects," in turn, are direct and indirect. They go on to show alternative ways in which direct and indirect effects may be identified. For other helpful discussions of path analysis see O. D. Duncan (1966; 1968; 1969, pp. 74-112; 1971) and Heise (1969, pp. 38-73).

[8] Such independence does not preclude any zero-order statistical correlation between them. Such a correlation will be observed through the correlation of each with education, for example, even when there is no concealed interaction effect on education.

[9] Effects of mother's education appear to depend upon the level of father's education. This is brought out very clearly in Anderson, Bowman, & Tinto (1972) by running equations within categories of father's education in analyses of determinants of college attendance. I found no evidence that Sewell and Hauser had investigated interaction effects among their background variables. However, Sewell and Shah (1968a) looked at interactions between paternal and maternal education in the determination of post-high-school education; they found no significant interaction effects.

SES variable, but that alternative has its own problems.[10] Family income has little effect but becomes more important when we deal with a full career model, explaining occupational status and income of sons.

Before getting deeper into technicalities, we should notice that none of these models did much statistically to explain IQ; mother's education and family income raised the coefficient of determination of IQ from the .072 shown in Figure 1 to .085; with the authors, I emphasize that the findings do not correspond to widespread assumptions.[11]

Fägerlind used two indexes of educational attainment: (a) a simple four-point scale of years of school completed (EDUC) and (b) an index with more categories (ACLEV) that took account of the educational streams (type and formal level) prevalent among young people of the cohort he studied. A generation ago the Swedish school system was highly selective, especially after the initial four years. Deferring comment on the background variables, we can compare the results when using the two indexes (Figure 2, A and B). Stages in the paths beyond EDUC or ACLEV are for the moment set aside. The direct paths from FATHED and from SIBLINGS (family size) to education are much weaker with ACLEV than with the cruder index EDUC; also weaker with ACLEV is the interactive effect of SES and IQ38 (shown in the arrow from box Z_a). However, the path coefficient directly from IQ38, holding all background factors constant, is greatly strengthened for ACLEV. Clearly, we are observing evidence of the strong meritocratic aspect of Swedish schools of the 1940s and 1950s.

Fägerlind gives no clear justification for using the number-of-siblings variable except that it had been used in earlier studies (among them B. Duncan, 1965, and O. D. Duncan, 1968). In the Swedish data this variable

---

[10] The aggregation issue is discussed at length in Hauser (1973b).

[11] These findings say nothing about the degree of "heritability" of IQ, by either genetic or social means. Ongoing studies of brothers (see Chamberlain & Griliches, 1974; Griliches, 1975) and of twins should illuminate part of the process of status attainment. Taubman is among those currently working with data on twins.

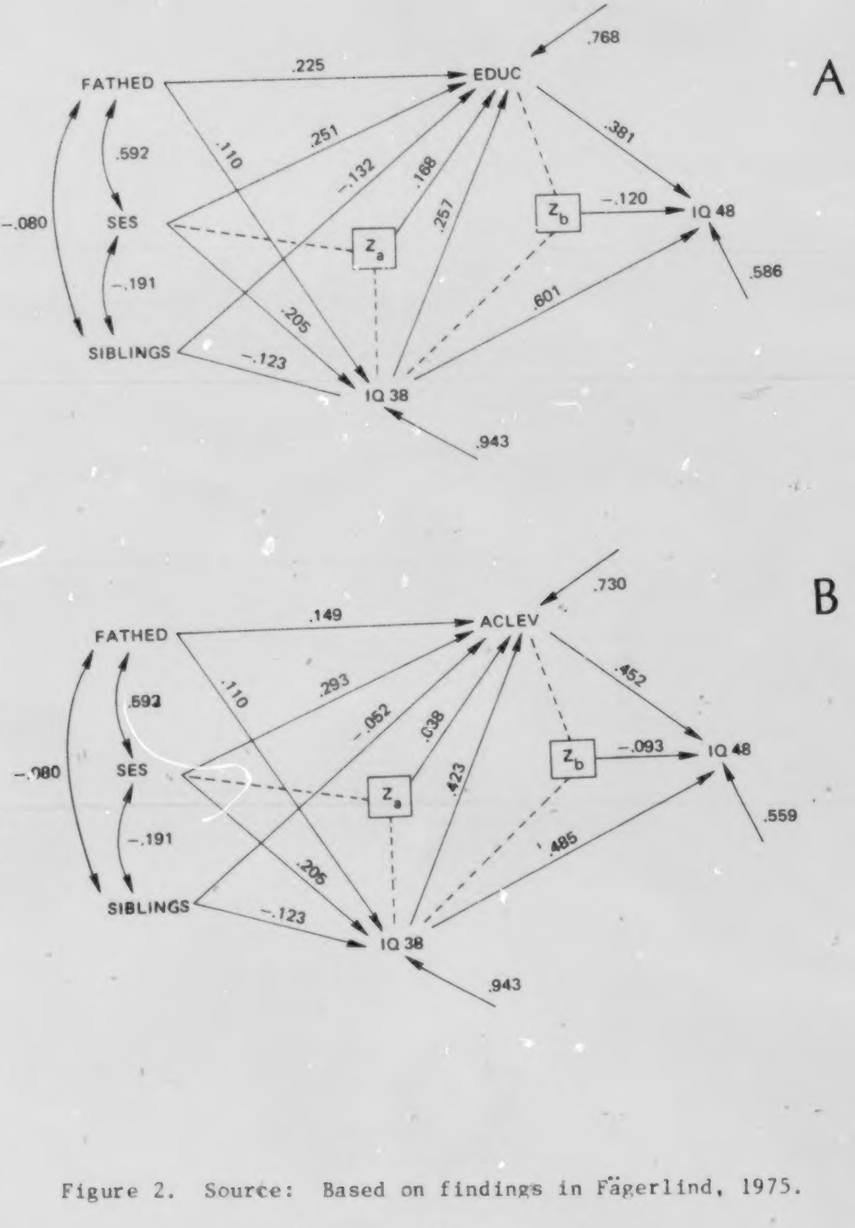

A
.768
FATHED
.225
EDUC
.251
.110
.592
-.132
.168
.381
-.080
SES
Z_a
.257
Z_b
-.120
IQ 48
-.191
.205
.601
.586
SIBLINGS
-.123
IQ 38
.943
B
.730
FATHED
.149
ACLEV
.110
.293
.592
-.052
.038
.452
-.080
SES
Z_a
.423
Z_b
-.093
IQ 48
-.191
.205
.485
.559
SIBLINGS
-.123
IQ 38
.943

Figure 2. Source: Based on findings in Fägerlind, 1975.

has only minor effects; it carries the expected negative signs. These results, and the stronger negative coefficients for U.S. data, doubtless reflect decision processes that have recently received much attention in microeconomic theory. Most obvious is the income effect whereby having many children discourages making larger investments in each child. Furthermore, better educated mothers have more and better options for use of their time outside the home; accordingly, a large family will tend to be associated with low maternal schooling and in turn with somewhat poorer school performance by the children. These relationships, which have been studied recently in economic work on fertility, have not as yet become incorporated into sociological investigations of status attainment.

Fägerlind's SES is a compound variable set up back in 1938 and inherited along with a rich hoard of data, to which Fägerlind has made many additions. However crudely empirical that SES index may have been (see Appendix C), it seems to perform satisfactorily. Its components--a combination of paternal occupation, parental income, number of siblings, and listings on welfare and crime registers--appeal intuitively. A different model using the same set of data was tested by Bulcock, Fägerlind, and Emmanuelsson (1974b). The background varibles were FATHED, FATHOC (instead of SES), and SIBLINGS. The direct paths to EDUC from FATHED, from SIBLINGS, and from IQ38 are little changed, and the path coefficient of FATHOC is .257 compared with the .251 of Figure 2A. The multiple regression coefficient with FATHOC drops to .381 as compared to .410 when SES was a background variable. (The zero-order correlation between FATHED and FATHOC is virtually the same as that between FATHED and SES.)

From Education to IQ

Only in the Malmö data, as has been pointed out, can we approximate the effects of education on adult intelligence after controlling for initial IQ (see Figures 2A and 2B). The path coefficients from schooling to IQ48 (at age 20) are substantial even after controlling for ability at age 10. It is notable that the direct path from ACLEV to IQ48 is stronger than that from EDUC to IQ48 (with associated reduction in the direct path from IQ38 to

IQ48). Notice, however, that IQ38 affects IQ48 indirectly through education as well as directly.[12] In the equation using EDUC, the indirect path is (.257 x .381) = .100. Adding this to the direct effect of .601, the total effect of IQ38 on IQ48 is .701. Using ACLEV as the education variable, the indirect path is .191, the direct path is .485, giving a total effect of .676. Whatever our education index, selection of more able youth for additional schooling has the indirect effect, through the educational experience, of raising their relatively high ability further, compared with less intelligent youth who stop school sooner. Schooling seemingly raises intelligence--and because of educational selection by intelligence the initially more able are favored. Yet, schooling may have been doing more to raise measured ability among those of the less able than among the more able who continued. The interaction effects between IQ38 and schooling with respect to effect upon IQ48 were negative with both EDUC and ACLEV as the education indicators. Whether these findings are valid or whether our inference reflects errors in measures of initial ability must for the present remain moot. The strong path coefficients from education to ability in these Swedish data should make us very wary of using measures of ability made after the schooling whenever we are trying to get uncorrupted measurements of the effects of education on earnings. The Taubman and Wales study is confounded by this ambiguity. Using data on a more representative sample of World War II veterans, Griliches and Mason (1972) analyzed effects of increments to schooling after the tests of ability were made.

---

[12] In an earlier report of the Malmö study, IQ48 was related to IQ38 and account was taken of the schooling obtained during the intervening decade (Husén, 1951, p. 137). Boys who did not do more than complete elementary school lost 1.2 points in ability; those who had some "middle school" gained 2.1 points and if they took the appropriate leaving exam at that stage gained 3.0 points; partial gymnasium training showed 7.2 points of gain; obtaining the maturity certificate (realexamen) went with 11.0 points of gain. Of course, how much schooling boys obtained was not unrelated to initial "ability."

Occupational Status as a Dependent Variable

The concept of occupational status is central in the sociological literature about mobility or status attainment; essentially it is a prestige ranking of occupations. Such rankings, across even diverse societies, are surprisingly stable. Fägerlind used a simple six-category scale of occupations. Most recent studies in the U.S. use O. D. Duncan's index (1961). This index was developed to translate census occupations into values on a prestige scale; each of the three-digit occupations was ranked for the proportion of holders who were at least high-school graduates and for mean incomes at the time the scale was made. There have been many debates about this index.[13] There is one obvious question: Is it proper to use an occupational index that has a built-in association with both education and income as an intervening variable between education and income? Two comments are relevant. First, we have to keep in mind that even zero-order correlations between education and occupational status leave a major part of variance in the latter unexplained. Second, the prestige attached to an occupation may reflect both the prestige of the education and of the income attributed to the occupation.[14]

Extension of a path model to occupational status as a dependent variable (however measured) is straightforward provided no attitudinal or expectation variables are introduced into the sequence. For the Wisconsin study, with education included as an independent variable, the only other variables that retain statistical significance in their direct paths to son's occupation are IQ and paternal occupation (with direct path coefficients of .118 and .082, respectively). The coefficient from education to occupation is strong: .539 or .534 according to the background variables included.[15] After so much comment on what is important, it is prudent to call attention again to the fact that family background, IQ, and schooling, together, account for just 40% of variance in occupational status of sons as of 1964.

---

[13] For one of the more sophisticated criticisms see Smyth (1971). See also Haug and Sussman (1971).

[14] The fact that readjustments have not been made in the Duncan index as income or education has changed could be fortunate; retention of the original weights attenuates the built-in asociations of the index with schooling or income, respectively. There may be other grounds for staying with the original index values; any modification would entail a new survey to establish prestige orders. In the end the order of occupations might change little, as the stability of rankings across societies and time leads us to expect.

Fägerlind's index of status of occupations is not based directly on their educational characteristics, although it undoubtedly reflects the schooling of men in the main sets of occupations. The Swedish results parallel those from the Wisconsin investigation. In 1964 the Wisconsin subjects would have been in their late 20s, about the age of the Swedish subjects between 1953 and 1958. Averaging Fägerlind's estimates for those two years gives an EDUC-to-occupation value of just under .50 and an ACLEV-to-occupation value of .58. The path from IQ48 to occupation is negligible for both the EDUC and the ACLEV versions of the model. As Fägerlind emphasized, these relationships would be expected to change with time; the coefficients from education to occupational status rise between 1953 and 1958 and then decline slowly. Those expressing the effect of IQ48 rise monotonically--but for the ACLEV index become significant only after 1968. Throughout, as one might anticipate, the coefficients relating to education are higher in the ACLEV model, the IQ48 coefficients in the EDUC model. ACLEV picks up characteristics that favor success in an individual but that do not appear in a simple measure of years of school completed. (ACLEV could also be introducing some initial "screening" effects that are otherwise only loosely related to individual traits.)

The low proportion of variance in occupational status explained by the full model in 1953 (when the individuals were about age 25) could be reflecting the same problem that led Duncan and his associates to back away from their earlier emphasis on "first jobs" (Duncan, Featherman, & Duncan, 1972). This item is confounded in many ways, including combinations of study with work. Considerations of options for training or learning on the job in early postschool years are a part of the human-investment process that has received little exploration. Despite innumerable studies of intragenerational occupational change, we have not sorted out the early postschool aspects of career development.[16] Fägerlind's regressions for successive dates do not yield direct evidence concerning occupational careers as an intrinsically sequential process, but those links could be traced. Anticipated follow-up work on the Wisconsin cohort should further illuminate career developments as these young men grow older. Information about intragenerational mobility among occupations is highly relevant to the screening issues that interest Taubman and Wales.

---

[15] This cannot be attributed to the makeup of the status index, for it takes no account of schooling beyond secondary school, and the sample had all completed that schooling.

The Wisconsin Social-Psychological Models

As Alexander and Eckland (1975b) have neatly stated, the early sociological work on mobility was "systemic and structural in orientation, with a major interest in issues such as the relative 'openness' or 'rigidity' of status systems. The more recent work focuses on how intergenerational status influences are transmitted" (p. 171). More antecedent variables have been introduced and more effort made "to explicate the processes by which these background variables ultimately affect status outcomes." Blau and Duncan (1967) introduced education as a mediating variable. More than a decade ago, Sewell and associates began exploring social-psychological variables that were presumed to form part of the process of status attainment. They have sought to identify significant others for formation of educational and occupational aspirations and to investigate the linkage of those aspirations to attainment of status. Other sociologists using other sets of data have used both similar and contrasting approaches to these same questions.

The best way to see what the Sewell-Hauser team has done is to show the order in which the new sorts of variables were entered in the equations of their "social-psychological model" of postsecondary achievement. The "predetermined variables" were the family background features already discussed. Endogenous variables were introduced into the sequential equations for the path analysis in the following order:

---

[16] Data on the NBER-TH tapes (as those used by Taubman and Wales are usually designated) would permit more inquiry on these topics, and many parts of the data for the cohort of 1938 Malmö pupils remain to be more fully explored.

1. IQ
2. School marks
3. Teacher supportiveness (reported by student)
4. Parental supportiveness (reported by student)
5. Friend's plans for college (reported in last year of high school)
6. Student's plans for college (at same date)--called "educational aspirations"
7. Occupational aspirations (in last year of high school)
8. Educational attainment (years of schooling after high school)
9. Occupational status (in 1964)
10. Earnings (in 1967)

As one would anticipate, teacher's attitude reflected pupil's marks (or, in their absence, IQ), but teachers' attitudes have little effect on later variables. Background variables vanish when these academic aptitude and performance items are used (as also in Anderson, Bowman, & Tinto, 1972). Parental supportiveness and best friend's college plans outweighed marks as statistical determinants of "educational aspirations," and the latter (with marks) gave the best forecast of how much additional schooling would be obtained. By the time we get to occupation, educational attainment is an independent variable and supplants "educational aspirations." However, seniors' reported occupational aspirations survive (weakly, if significantly). Father's occupation, school marks, and IQ remain significant predictors of attained occupational status of the sons. All indicators of expectations and the variables relating to significant others are wiped out in regressions for incomes--except senior-year occupational aspirations. The proportion of variance in occupational status explained by this comprehensive social-psychological model is 43% as compared to 40% in the model using only background items, IQ, and schooling beyond completion of secondary school.

Why, then, all this elaboration? One possible answer, stressed by the authors, is that the more comprehensive model explains 54% of the variance in education obtained, and this is indeed much better than the 28% explained by IQ and family background alone. However, the difference seems to lie mainly with "college plans."[17] Respondents' marks (or rank in class) and the reported educational plans of their best friends contribute to the improvement. But we have to ask whether educational plans reported well into the senior year are simply well informed, if imperfect, predictors of college attendance rather than mediating influences in a developmental sequence. What, then, have we gained if the complex new variables fade away when we try to predict something beyond continuing in school? The other justification for this elaboration could be that our main aim is not to explain variance; we are trying to fill in the "black boxes" between one variable (such as father's schooling) and the next one (son's schooling). Sewell and Hauser believe thay they have given "a more complex explication of the attainment process in the educational, occupational, and economic spheres--and this is what we as sociologists are concerned with" (p. 111). Complexity has been added. But it is doubtful how much further illumination of processes "in the occupational and economic spheres" has been given to us. Some doubts pertain even to the "education sphere." In particular, there are identification problems in the ordering of variables and their interpretation. Perhaps my objections on this score are partially met, at least, in prior research that is not reported, but if so the authors do not give us the benefit of that information. Neither, lacking such justification, do they caution the reader sufficiently in the interpretation of their recursive model. I am more comfortable with recursive descriptions that entail time sequences of attitudinal and behavioral variables without too much emphasis on causal interpretations or the attribution of "mediating" effects. Spaeth and Greeley (1970) have done something like that. Also of particular interest in recent literature introducing "soft" variables into analysis of status attainment (in this case occupational status) is Duncan and Featherman (1972).

---

[17] Alexander, Eckland, and Griffin (1975) replicated the Wisconsin analysis using data from a national 15-year longitudinal sample of males who were high-school sophomores in 1955. Their results were very close to those found by Sewell and Hauser with one important exception: The college plans reported by high school sophomores had nothing like the predictive power found in the Wisconsin data when those plans were reported by students in their senior year.

Earnings as the Final Variable in A Status-Attainment Perspective

The logical approach continues to be through the use of path analysis, with earnings now the final dependent variable. A still fuller sequential model would incorporate alternations of work, training, and earnings in the postschool years. Such an extension was not feasible with the Wisconsin data, and Fägerlind chose the more manageable procedure of setting up separate path analyses for occupational status and earnings at each of five dates over the lives of his cohort. (Linkages between earlier and later occupation, and between earlier and later earnings, remain to be reported.)[18] We might expect that coefficients of determination of earnings early in careers inevitably will be low in our kind of society; all three studies confirm this presumption. However, the proportion of variance in earnings that is explained rises dramatically with age in the Swedish data--to just over one half at age 43 (in 1971).

Comments on the Wisconsin and Swedish analyses of paths to earnings can be brief because much that I have to say has been said in examining the analyses up to occupations. Table 1 summarizes the Wisconsin data and Tables 2 and 3 give the Swedish data; zero-order correlations appear at the foot of Tables 1 and 2.

---

[18] Fägerlind, like Taubman and Wales, did construct life earnings profiles, but that is not the same thing. See also Kelley (1973). Only Fägerlind's data would permit a full application of a postschool human-investment model or identification of the point at which earnings approximate the level for no post-school investment (Mincer's "overtake point"). On this and related matters see Bowman (1968, 1974), Hause (1973b), Lillard (1973, pp. 90-104), Mincer (1974b), and Rosen (1975/1976).

The Wisconsin study carries its sample only up to 1967, to about age 29.[19] As can be seen in Table 1, roughly half of the total effect of education on earnings in the Wisconsin sample was a direct effect (controlling for family background and IQ) while half was mediated by occupational status. For IQ the direct effect on earnings was only 37% of its total effect (controlling background variables), and most of the indirect effect of IQ occurred via education: from IQ to ED to EARN, and from IQ to ED to OCC to EARN.[20]

Immediately we notice that father's education, mother's education, and father's occupation have little separate impact when all are in the same regression. The direct effects were statistically insignificant and in all cases virtually zero. Parental income is another story. The direct path from parental income (even with all other variables included) to son's earnings is substantial and slightly exceeds the direct path from son's occupation to his earnings. The indirect paths from parental income are small, however; there is little mediating effect through the IQ, schooling, or occupation of sons.

The members of the Wisconsin team, quite properly, were impressed by both these direct effects of parental income and the tenuousness of any connections via son's IQ, schooling, or occupation. They emphasize the implications for debates over effects of parental economic situation on education (small)[21] while stressing at the

---

[19] The best predictions for earnings were obtained by averaging the data for 1965 through 1967, thus eliminating vagaries of data for one year, but 1967 data alone gave similar results.

[20] Table 1 is simplified by showing these two indirect effects of IQ via ED in combination only; they can be disentangled by distinguishing the proportion of the total effect of ED that is direct from the proportion that is indirect via occupation, shown after ED in the last column of the table. Similar simplifications are used for the indirect paths of each background variable.

[21] Sewell and Hauser include a very interesting

Table I

Paths to Earnings: Wisconsin Analysis

	Indirect Effects	Direct Effect	Total Effect	Direct Percent of Total
OCC (Occupation)				
Direct		.131	.131	
ED: Direct		.063		
Indirect via OCC	.070			
Total effect			.133	47%
IQ: Direct		.066		
Indirect: via OCC	.015			
Indirect: via ED	.049			
	.064		.130	56%
FATHED				
Indirect: via OCC	.002			
via ED	.014			
via IQ	.027			
	.043		.043	--
FATHOC				
Indirect: via OCC	.008			
via ED	.014			
via IQ	.009			
	.031		.031	--
PARINC: Direct		.136		
Indirect: via OCC	.004			
via ED	.018			
via IQ	.016			
	.038		.174	78%

Note.

Zero order correlations with earnings:	OCC	.220	FATHED	.093
	ED	.203	FATHOC	.102
	IQ	.162	PARINC	.184

same time persistence of effects of parental income into the son's working life. They do not speculate further, but speculation perhaps would be worthwhile, especially in consideration of later projects. I offer three possible explanations for these results. (a) Higher parental income enables a youth to remain longer off the labor market while seeking what seems the preferable career prospect. In the jargon of economics, we see here the imperfection of capital markets. (b) Sons of families with higher income are likely to be in touch with "information fields" that give them earlier and more complete access to preferable jobs or, in particular, to jobs yielding higher monetary returns. In economic terms, these sons have a lower cost of obtaining information in the search for jobs that promise high earnings. Both these influences probably would show up even more strongly at a later stage of careers, since expected future earnings are important in choosing an entry occupation.[22] (c) Coming from a family in which making a good income has been an important goal may affect the earning expectations of sons and, hence, the directions in

---

discussion of their findings and interpretations in contrast to the position that has been argued by Schiller (1970) and others sharing his leanings. This gets us into the whole question of economic considerations in connection with continuation in school. Not only parental income but also costs of attendance are an essential consideration in such analyses. Much has been written but sophisticated analyses are relatively few. See the brief discussion in Blaug (1976) and the findings by Miller (1971) with respect to relationships between ability and responsiveness to private costs of college education.

[22] Such considerations are closely related to recent theoretical work in the economics of information and to both theoretical and empirical work in the human-capital literature. From the first appearance of Becker's classic Human Capital (in 1964), concern with postschool learning and earning has been a core part of the economics of investment in human beings. Articles on this subject are usually highly technical and have multiplied to unmanageable porportions for anyone not a specialist in that field. For some basic statements and an overview, see Bowman (1974).

which they search for jobs and the manner in which they evaluate alternative opportunities. Each of these suppositions could be tested, though not with the present funds of data.

Unfortunately Fägerlind did not deal with parental income in what he has reported here, but in one of the reports with Bulcock and Emmanuelsson (1974a), parental income was included in an analysis of 1971 earnings (age 43). Again, parental income is the variable with a substantial direct path to son's earnings (even including IQ38, IQ48, schooling, and occupation in the regression). The direct path coefficient on family income was .186 while the indirect effect was only .030. (In this model, half the variance in earnings was "explained," which makes the comparative importance of parental income all the more striking.)

Some of the other findings of the Swedish study offer more contrast to those in Wisconsin. In particular, education comes through more strongly. Table 2 and Table 3 summarize paths in Fägerlind's models, using EDUC and ACLEV, respectively, as indicators of education. I have computed some paths in addition to those reported by Fägerlind--as I did with the Wisconsin data. Due to the design of Fägerlind's models, only indirect paths from IQ38 can be identified; however, those indirect paths include routes through IQ48 both with and without education intervening between IQ38 and IQ48. It is the total effect for IQ38, not IQ48, that is most comparable with the Wisconsin findings, because the estimate of ability in both instances predates the variance in schooling. Each table shows results for 1958 and 1971, the subjects in the former being closer in age to the Wisconsin sample. It should be reiterated that the range in education was more complete for the Malmö cohort; hence we might expect more explanatory power from the Swedish indicators. In the Swedish data, earnings and occupation refer to the same year, whereas for Wisconsin the earning figures are for a few years later. Again, we might expect higher coefficients in the Swedish analysis, real differences in experiences of Swedish and Wisconsin men aside.[23]

---

[23] SIBLINGS is included in these tables because it cannot be extricated from the regressions. One could reverse signs and speak of small families as facilitators.

Table 2

Paths to Earnings: Swedish Analysis for 1958 and 1971 in Models with EDUC

	1958			1971		
OCC (occupation)						
Direct effect		.215	.215		.416	.416
IQ48: Direct effect		(.078)			.184	
Indirect effect:						
via OCC	.018			.011		
Total effect			.096			.195
EDUC: Direct effect		(.108)			.118	
Indirect effects:						
via OCC	.110			.183		
via IQ48	.030			.070		
via IQ48, OCC	.015			.044		
total	.155			.297		
Total effect			.263			.415
IQ38: Indirect effects:						
via IQ48	.058			.101		
via EDUC	.068			.201		
Total effect			.126			.302
FATHED: (No direct effects)						
Indirect effects:						
via IQ38	.001			.033		
via EDUC	.059			.046		
Total effect			.060			.079
SES: (No direct effects)						
Indirect effects:						
via IQ38	.026			.062		
via EDUC	.064			.104		
Total effect			.090			.166
SIBLINGS:						
(No direct effects)						
Indirect effects:						
via IQ38	-.015			-.037		
via EDUC	-.035			-.055		
Total effect			-.050			-.092

Note.
Zero order correlations with earnings:

	1958	1971
OCC	.290	.629
IQ48	.219	.504
EDUC	.252	.589
ACLEV	.327	.659
IQ38	.220	.396
FATHED	.121	.353
SES	.189	.388
SIBLINGS	.002	-.104

Table 3

Paths to Earnings: Swedish Analysis for 1958 and 1971 in Models with ACLEV

		1958			1971	
OCC: Direct effect		.163	.163		.350	.350
IQ48: Direct effect		-.032			.085	
Indirect effect:						
via OCC	.030			.048		
Total effect			Nil			.133
ACLEV: Direct effect		.275			.306	
Indirect effects:						
via OCC	.105			.194		
via IQ48	--			.038		
via IQ48, OCC	--			.022		
total	.105			.254		
Total effect			.380			.560
IQ38: Indirect effects:						
via IQ48	--			.065		
via ACLEV	.160			.237		
total	.160			.302		
Total effect			.160			.302
FATHED:						
(No direct effects)						
Indirect effects:						
via IQ38	.018			.033		
via ACLEV	.057			.083		
total	.075			.116		
Total effect			.075			.116
SES: (No direct effects)						
Indirect effects:						
via IQ38	.018			.027		
via ACLEV	.111			.164		
total	.129			.191		
Total effect			.129			.191
SIBLINGS:						
(No direct effects)						
Indirect effects:						
via IQ38	-.020			-.016		
via ACLEV	-.020			-.029		
total	-.040			-.045		
Total effect			(-.040)			(-.045)

One can readily identify the main features of Tables 2 and 3. The background variables FATHED and SES exert their effects almost entirely through son's schooling (especially when the latter is specified as ACLEV); this is consistent with the Wisconsin results, as with findings in national U.S. samples. Some of these are cited by Sewell and Hauser.[24] Total effects of FATHED and FATHOC are greater, moreover, for the later years; this suggests a long-term influence on earnings during the postschool years, but the influence is slight. Initial intelligence seems to have about the same early total effect as in the Wisconsin data; there is a marked increase over time in the total impact of IQ on earnings however education is specified--from .126 or .160 to .302. In both of Fägerlind's models the influence of initial IQ is mediated by education and the mediation is more important, as would be expected, in the ACLEV model. That total effects of education come through much more strongly in the Swedish data is evident; even using 1958 data and the EDUC model, the estimate is .263 as compared with .133 in the Wisconsin study. Again, the contrast is sharper when the

---

But this variable has little effect, even indirectly, in the models with ACLEV.

[24] Similar findings are reported for sample populations in Illinois, Massachusetts, and North Carolina in Anderson, Bowman, & Tinto (1972). That family background affects occupational status primarily via education, and has very little direct influence once this is taken into account, has long been argued by Duncan and others. See to start with Blau and Duncan (1967); Duncan (1968); and Duncan, Featherman, and Duncan (1972). Bowles and others have challenged these interpretations, building their case on analyses of corrections for errors in the variables, assuming those errors to be nonrandom. See Gintis (1971), the items by Bowles alone (1970, 1972a, 1972b, 1973), that by Bowles and Nelson (1974), and Becker's comments on Bowles (Becker, 1972). Jencks et al. (1972) also made adjustments to take into account errors in the variables but assumed those errors to be randomly distributed. On adjustments for errors in the variables as part of an assessment of biases in coefficients on education, see also Griliches (1975), Griliches and Mason (1972), and Welch (1974, 1975).

education variable is ACLEV. Furthermore, the 1971 coefficients are higher still, by a wide margin. Seemingly, the meritocratic aspects of the Swedish system have affected earnings as well as occupational status for this cohort, boys born in 1928.

How far are effects of education on earnings mediated through occupational status? This is one of the most important questions that can be answered from Table 2 and from the data for Wisconsin men in their early careers. Including the route directly through occupation and through occupation via IQ48 (which is the appropriate comparison with Wisconsin), in 1958 the proportion of the total effect of education mediated through occupation is (.110 + .015)/.263 or .48 for the EDUC model; it is much smaller in the ACLEV model (Table 3), .105/.380 = .28. In Wisconsin (Table 1) the proportion of the (relatively small) total effect of education that was mediated through occupational status was higher: .70/.133 = .53. As the Swedes grew older (to age 43 in 1971), the absolute importance of effects via occupation increased, whatever the indicator of education. In the ACLEV model, the proportion of total effects on earnings that was mediated by occupation also rose sharply, to 40%. Neither Fägerlind nor the authors of the Wisconsin study consider the implications of these results. They neglect to tell readers that estimates such as these can throw light on many current debates about labor markets and about linkages of schools to labor markets. Perhaps the authors are wise not to involve themselves needlessly in debates about broader perspectives.

Finally, Fägerlind explored the important question of interactions between education and occupation and interactions between IQ48 and occupation, both with respect to their effects on earnings. During the men's earlier years, neither interaction term was significant, and the interaction effects between ACLEV and occupation were not significant at any career stage. For 1968 and 1971, however, the interaction term between EDUC and occupation came through quite strongly, with a path coefficient of .202. Interactions between IQ48 and occupation were significant for 1971 only (for either EDUC or ACLEV models): a modest path coefficient of .104 in both cases. This suggests that in Sweden, once young men are sorted out into occupations by education and ability, further effects of education on earnings are, in the main, independent of occupational status. When the measure of education is ACLEV, that independence of occupational status persists at least into their middle 40s (in 1971).

By the age of 20 (to which the measure IQ48 applies), much of the differentiation of the cohort by schooling had taken place. The effect of ability, so measured, on subsequent earnings also appears to operate independently of the status level of occupations entered, at least up to age 40; interaction between IQ48 and occupation in their effects on earnings were minor even then. These findings are pertinent to the Taubman and Wales work.

Education and Earnings in Economic Perspective

Economists have long been concerned about biases in estimates of rates of return to education, especially biases arising from neglect of associated factors such as family background and ability, and attempts to identify these biases have multiplied.[25] A number of related questions have also been of increasing concern. Do ability and schooling interact in their effects upon earnings? Need we take account of quality of education? An attempt to correct for bias in attributing influence to education is the starting point of the work by Taubman and Wales; the Wisconsin team also devoted much attention to this topic.

We need also to ask: How does education affect earnings? Path analysis is convenient here since we are interested in variables that intervene between education and earnings--how far education affects earnings through its effects on abilities or aptitudes, and on occupations. These questions may be asked within the perspective of individual careers, but they are equally pertinent when we think sociologically of a "status-attainment" process or, in the economist's mode, of a series of human investment decisions.

---

[25] For a review of these studies see Welch (1974). Among contributions of economists on these questions see Ashenfelter and Mooney (1968); Christensen, Melder, and Weisbrod (1975); Chamberlain and Griliches (1974); Conlisk (1971); Hansen, Weisbrod, and Scanlon (1969); Hause (1972, 1975); Lillard (1973); Morgenstern (1973); Oulton (1974); Rogers (1969); Wise (1975). See also references listed in footnote 25 on page 29 and various prior contributions by authors of the books reviewed here and some of their associates. Especially important, and also surprising, is Griliches (1975). (Bowlby and Schriver, 1973, are unusual in their concentration on academic ability in relation to returns to vocational training.)

There is a third set of questions that take a broader societal perspective. It is from sociologists' inquiries about the openness (or rigidity) of a society that the modern status-attainment research emerged and to which it returns. Economists and sociologists alike are interested in how the distribution of education affects the distribution of earnings, and here explicit attention must be given to the screening question--as basically one about economic resource allocation, whatever the implications for equity. This is the central topic in the book by Taubman and Wales: Allowing for background and ability, do differentials in earnings associated with schooling primarily reflect effects of education on productivity? Or, in a world of incomplete information, is schooling used by employers primarily as a guide to recruit the most promising workers? How education affects earnings is crucial in this context.

This is a rich menu, even when we partake of only part of it. We look first at how much of the variance in earnings has been explained, but with a discussion also of the very limited relevance of "variance explained" to the economics of rates of return.[26]

---

[26] Neither the Wisconsin nor the Swedish studies are directed to analysis of determinants of the degrees of overall inequality in the distribution of earnings. The amount and proportion of the observed variance explained statistically by education, ability, and parental background, or by these together with occupation, is a different and a simpler question. Hauser has been very explicit on this point, in print as well as in informal communications. Nevertheless, there is a persistent tendency to misinterpret studies such as these, as though they were analyses of the overall shapes of distributions of earnings. For the latter purpose we would need explicit analysis of the demand side of determinants of earnings (or some stringent assumptions on that side--see Rosen, 1975/1976).

BOOK REVIEW

Explaining the Variance in Earnings versus Computing Returns to Investment in Education

Commonly one reads that "unfortunately only a small part of the variance is explained." If we assume that the data are reliable and that the analysis correctly pictures reality, we should rejoice that so little of the variance is accounted for by such variables as family SES--or even by education! There is a large unexplained variance in most of the results under review, but that fact should not surprise us. In any case, to understand societal processes we must take account of loose rather than tight associations. More attention to how much is unexplained would have protected some from the surprise that seems to have been evoked in Jencks, and in turn by Jencks, with headlines about the importance of luck. "Luck" is another way of saying that myriads of factors influence peoples' lives, including what they earn.[27] It will be particularly important to bear in mind the large unexplained variance in earnings when we come to look at Taubman and Wales's discussion of screening.

How much of the variance in earnings is in fact explained statistically in the three studies under review? To put that work in perspective, look first at what Mincer found (1974b). His high coefficients of determination for earnings are often cited, but these referred to earnings of a 1960 national cross-section of white nonfarm males of all ages, and he included among his variables a nonlinear version of years of labor-force experience. When he subdivided the data by five-year age categories and computed coefficients of determination within each age category using schooling alone as the independent variable, results differed markedly with age. Below the age of 30, coefficients of determination did not reach .05; at age 30-34, the coefficient was .11, climbing to a maximum of .16 at age 40-44, and then dropping off to .12 for the next two age sets. Classifying instead by years of labor-force experience, he got substantially higher coefficients; this result fits modern theories of postschool investments in learning at work and on the job (Bowman, 1974). However, in comparing Mincer's findings with the zero-order coefficients in the studies being reviewed, we are confined to age categorization.

---

[27] C. A. Anderson has long emphasized this point, which he argued explicitly in 1961. Boudon took it as the starting point of his book (1973b); for a briefer statement see Boudon (1973a).

Except for the two youngest ages, education alone explained much more of the variance in earnings of the Swedish men than Mincer found for the United States. By age 30-35, Fägerlind's results surpass Mincer's highest figure; the coefficients of determination using the EDUC and ACLEV education indicators were, respectively, .25 and .28. By age 43 (which is centered on the ages for which Mincer obtained the highest coefficients), Fägerlind found .35 with EDUC and .43 for ACLEV--startlingly high coefficients compared to Mincer's .16. The greater reliability of the Swedish data could account for only part of this contrast.

The Wisconsin study also had reliable data on earnings, but earnings only for the early career: men aged 27-29 in 1965-67. The coefficient of determination between schooling and earnings was .04, which is what Mincer found for the national sample of that age in 1960. The men in the Taubman and Wales sample were in their early or middle 30s in 1955 and in their late 40s or early 50s in 1969. For each of these age categories Mincer explained 12% of the variance in earnings using only schooling. Similarly, relying only on schooling, Taubman and Wales obtained smaller coefficients of determination: .026 and .062 for 1955 and 1969, respectively.[28]

It may be, and has been, asked--though never I believe by economists: When so little of diversity in earnings is explained by education, what is the justification for all the rate-of-return analyses? One must answer this question before going on to talk about correcting for upward biases in estimated effects of schooling on earnings. In simplest terms, investment in schooling may yield a high rate of return if it shifts an individual's whole probability distribution of earnings sufficiently to the right, even though we can explain only a small part of the total variance in earnings.[29] One still wishes to identify the factors that explain where individuals are likely to fall in the total distribution of earnings and where they will fall in distributions of earnings for given levels of education (or sex, race, place of residence, or whatever). It is highly relevant to ask, for example, whether distributions of earnings shift more with education for the more or for the less able individuals, for those from richer or from poorer parents, and so on.

---

[28] This should not be too surprising in view of the selectivity and relative homogeneity of the NBER-TH sample, along with the probability of a greater error component in the estimates of earnings.

Correcting Education Coefficients for Ability and for Family Background

Since this is one of the two main themes in Taubman and Wales, we begin with a discussion of their methods and findings. Using earnings for 1955 and 1969, dummy variables for education were entered first in the earnings equations; next, age was entered.[30] Thenceforth, all analyses had controls for age though the age range was small. Metric coefficients give us estimates of effects on earnings in dollars. Once categories for education and age are included, the analysts were ready for the question: Do the coefficients on schooling (and derived rates of return to investments in education) embody substantial upward bias? But now we confront a critical related question: Are the other factors pure or are they in part determined by education? Since occupational variables are so affected, obviously they should not be used in regressions set up for the purpose of correcting for bias in coefficients on education. Taubman and Wales quite properly leave occupations out of these regressions. However, as remarked earlier, their indicators of aptitude are by no means clean. As Appendix C specifies, Taubman and Wales did a factor analysis of the battery of tests for aptitudes, obtaining four ability factors. Each of these was entered in turn (as a dummy set, by quintiles) in a regression for earnings, along with age and the set of dummy variables for education. The factor that they labeled "mathematical ability" contributed most to the explanation of earnings and had most effect in reducing the estimated contribution to earnings from education.[31]

---

[29] This is discussed in a different context in Anderson and Bowman (1969) and in Bowman (1973). On risk in this connection, see Weiss (1972) and Hause (1974).

[30] Their coefficients on age were consistent with what we should expect from most evidence on cross-sectional life-earnings profiles. In the analysis for 1955 the slopes on age are positive; this should be expected since the age range for this date was for men in their 30s. In the analysis for 1969, age carried a small but significant negative coefficient. That does not mean that individuals in the NBER-TH sample started experiencing a decline of earnings around the age of 50, which is unlikely. Taking any given calendar year, this sample is in fact a cross-section for a limited age range, not the experience of a particular cohort.

As preliminary variables representing parental background, Taubman and Wales used two dummy variables for paternal education. Among these men there appeared to be little advantage in having a father who attended college over one who stopped with high school, although there was definitely a depressing effect of having a father who had not entered high school. Comparing an equation that included only age and all dummy variables for schooling (plus one for being a teacher) with a similar equation that included also poor health, being single, and paternal schooling, the coefficients on education were almost the same.

In an attempt to press further in adjusting for bias, Taubman and Wales used a "biography" variable that

> is intended to reflect background characteristics of individuals. The varible, which was constructed by the Army Air Corps and retained by Thorndike, is obtained from the individuals' scores on navigator and pilot biography keys. These keys . . . were calculated from background-

---

[31] Indicators of poor health had significant negative effects on earnings, regardless of other variables. Single men also had lower earnings; even more than health we must query the logic of this control. It is one thing to try to improve our prediction of earnings. It is something quite different to assume that health or marital status is unaffected by schooling.

> information items using weights that predicted success in navigator or pilot training schools. Because it reflects ability, education, and socioeconomic background characteristics of individuals, it is not a pure background measure. (p. 79)

This variable (which was used in quintile, dummy form) included information on hobbies, prewar family income, pre-1946 education, and mathematical ability. One can doubt whether it was appropriate to introduce this catchall variable, and how it should be interpreted.

The estimates of bias in coefficients on education by Taubman and Wales that have been most widely cited are their highest estimates. These are much higher than estimates of bias in other recent efforts of economists to make such corrections. (For a review of this work, see Welch, 1974.) In view of this debate I have collated some of the Taubman and Wales findings in Table 4.[32] Results depend largely on which measure of ability is used and whether observations are early or late in the career. Hence, bias is larger for the 1955 data, and it is greater when biography is joined with ability in estimating bias.

Notice that we are talking about percentage biases in coefficients on education that were smaller than those ususally reported for comparable ages. Taubman and Wales themselves provide much lower estimates of bias in their chapter using crosstabulations supplied by Dael Wolfle for Minnesota high-school graduates of 1938, studied in 1956.[33] Their estimate of the percentage biases for education in the Minnesota sample was less than 4%. Putting this together with some of their earlier explorations (Taubman & Wales, 1972b), they concluded that

---

[32] Ability factor 1 is the mathematical factor; factor 3 is most like conventional general intelligence or IQ.

[33] Since data on individuals were not available in these data from Minnesota, to compare explained variance with other studies is meaningless; but this does not denigrate the interpretation from slopes on ability and schooling, or the relevance of effects of omitting measures of ability.

Table 4

Estimates of Percentage Bias in Coefficients on Education: From Taubman and Wales

	Omitting ability: all other variables held constant		Omitting ability: age held constant		Omitting ability and biography; all other variables held constant	
	Factor 1	Factor 3	Factor 1	Factor 3	Factor 1	Factor 3
1955 biases by education						
Some college	7.8	1.2	9.3	3.9	23.2	17.6
Undergraduate degree	20.4	6.5	19.9	9.6	34.7	23.3
Some graduate work	17.5	5.8	18.9	9.8	25.7	15.2
Master's	24.8	7.5	22.9	10.9	36.8	22.2
Ph.D. and L.L.B.	24.3	5.6	22.8	8.7	35.5	19.6
1969 biases by education						
Some college	6.5	0.7	8.7	2.5	17.8	12.7
Undergraduate degree	12.4	1.5	13.7	3.9	19.7	9.8
Some graduate work	14.6	1.7	16.2	4.3	22.8	11.1
Master's	14.8	2.2	15.9	4.5	20.6	8.8
Ph.D. and L.L.B.	8.0	0.6	9.4	2.2	11.5	4.4

"the bias in the education coefficients due to omitting IQ will in general be very small provided [their emphasis] the relative importance of the education and ability coefficients in determining income is as in this sample" (pp. 49-50). In this circular contention, Taubman and Wales are implicitly underlining the importance of the sample chosen, but they also stress the importance of choosing the more relevant indicator of aptitude--that is, mathematical aptitude.

Sewell and Hauser estimated biases in coefficients on education for the Wisconsin men when they were about age 29 (in 1967). It is necessary of course to look at those of their regressions that do not include occupational status; I have arranged some of these equations in Table 5. All comparisons that can be made directly from this table are after paternal education and father's occupation are included in the model. However, from other data in their book I estimate that the coefficient on education in the equation with FATHED and FATHOC is 9% lower than it

Table 5

The Wisconsin Earnings Regressions and Bias
In Education Coefficients

	Metric Coefficients			
	(1)	(2)	(3)	(4)
FATHED (years)	$ 16*	$ 6*	$ 6*	$ -11*
FATHOC (units on Duncan scale)	4*	4*	-1.4*	-2*
PARINC (thousand dollars)	--	--	100	110
MOTHED (years)	--	--	--	10*
ED (years)	282	224	261	197
IQ (percentiles)	--	16	--	15

Note.

Adjustment factors by:	α	(1-α)
Adding FATHED, FATHOC to ED	.91	.09
Adding IQ to equation (1)	.72	.28
(.79 x .91)		
Adding PARINC to equation (1)	.84	.16
(.92 x .91)		
Adding IQ, PARINC and MOTHED to equation (1)	.64	.36
(.70 x .91)		

*p>.05

would be in a zero-order relationship; the reduction is from $310 to $282 by including these paternal traits.[34]

The ratio of a corrected to an uncorrected coefficient on education has come to be called the α (alpha) coefficient, following the debates over

---

[34] Unfortunately, we cannot compare equations including only education with those including education plus IQ, for the latter equation is not supplied (though it could be derived).

Denison's crude adjustments in 1962 and 1964 (see Psacharopoulos, 1973). So $(1 - \alpha)$ indicates the upward bias in the coefficient on education (Table 5). The maximum Wisconsin adjustment, including a better specification of background variables than was available to Taubman and Wales, is close to their maximum estimate for the younger men, and it is also close to Denison's α adjustments of .60 to .66 (Denison, 1967).[35]

Fägerlind did not provide information with which to adjust the education coefficients using different combinations of control variables, as could be done from the Wisconsin data. However, it is possible to compare estimates of total effects on earnings of the EDUC and ACLEV indicators in equations that control for initial ability and family background with the zero-order relationships between education and earnings. There was actually a downward instead of an upward bias for early ages, and the highest upward bias for the ACLEV set was 10%. With EDUC as the independent variable, on the other hand, biases go to a maximum of 33% for 1968. If all these manipulations are to be relied upon, Sweden seems to present a situation like that in the Taubman-Wales 1955 analysis provided we use an index of education that is simply years completed. On the other hand, if we use ACLEV as our education variable, controls for background and for initial ability make little difference. Again, how does schooling affect earnings?

Interaction Effects, Foregone Earnings, and Quality of Education

How ability and years of schooling interact to affect earnings is important. The customary assumption of a positive interaction is related closely to the vague assumption that people with greater ability would benefit more from an increment in amount of schooling at each level of education. Only recently have there been serious attempts to test these assumptions. I begin with Taubman and Wales.

Theirs is the second use of the NBER-TH data to identify interactions between ability and schooling in their effects upon earnings. Hause (1972) found positive interaction effects with regressions in double-log form and using a compound indicator of ability. Taubman and Wales have pushed a step further by examining effects of ability on earnings within categories of schooling for early and late stages of the career. They found larger within-education effects of ability for 1969 than for 1955, but these effects did not vary with the level of schooling.[36]

---

[35] On ability adjustments in growth accounting see Griliches (1970).

The Sewell-Hauser team (in particular Janet Fisher) found that ability made more difference to 1965-67 earnings among the young men with college educations than among men with high-school educations only. This is what would be predicted by human-capital theory when earnings are stated in raw terms.[37] More interesting in this part of the Wisconsin analysis are the careful attempts (by Fisher, Lutterman and Ellegaard) to clarify two other related issues. First, they attempted to identify the earnings individuals forego when they attend college. (For this analysis a sample of youth of farm origin was included and compared with those of nonfarm origin.) It sometimes has been argued that superior individuals would have to add more to their earnings by attending college than would less able men because the former would have had larger foregone earnings while in college. Given higher foregone earnings, that the more able continue further in school would imply a positive interaction between ability and schooling in effects on future earnings.[38] The

---

[36] Unfortunately, there appears to have been some misspecification in the equations that included interactions between graduate education and ability, where they obtained mixed results. Even for the NBER-TH sample, the debate about interactions between ability and education remains unresolved. (Using the same data base, Lillard confirmed Hause's findings in a life profile model; the ability effects and their interaction with schooling show up later because people with more ability have steeper earnings-experience trajectories.)

[37] Hause's test using the log transforms on earnings was a stronger one, but the size of the effect he found was not large.

[38] This argument ignores consumption aspects of

Wisconsin analysis concluded that more able college men do not forego more earnings than do less able men during early post-secondary years.[39]

A second contribution from the Wisconsin study was to provide data about effects of the type of college attended. Coefficients of determination in their previous earnings equations were compared with the R^2s in similar equations to which they had added now one, now another, set of interaction terms with categories of college. Although the samples were large, none of the differences yielded significant F ratios. With the interaction problem out of the way, they went on to treat type of college as an intervening variable in a linear status-attainment model. The new findings were impressive. Adding type of college raised coefficients of determination by two-thirds in regressions that included only IQ and family background. The increase was significant even when all variables of the expanded social-psychological model were included in the initial equations. This exercise provided an answer to another question as well; mental ability and SES of their students explained only a third of the variance in mean earnings between types of colleges as classified for this study. The authors supplied a summary table showing unadjusted mean earnings by college type and a parallel tabulation making corrections for ability and background. The usual

---

educational decisions and the association between ability and enjoyment of school. Both common sense and indirect empirical evidence point to the importance of such "noneconomic" factors for the explanation of who continues and who drops out. For brief but pertinent comments on this point see Blaug (1976). Research by Miller (1971) provides some evidence that the more able youth are much less influenced in their educational decisions by the costs of continuing than are the less able.

[39] Earnings data came from Social Security records; for estimation of foregone earnings, men who had served in the armed forces were excluded. However, a byproduct of this endeavor was some new information on effects on earnings of military service. In addition, clear evidence of common variations in unconventional sequences of work and study emerged. This byproduct underlines the importance of more attention to early years of work.

variables for "quality" of college would be poor predictors of variance in earnings by type of college--at least in Wisconsin.[40]

Schooling, Occupations, and Screening

Whatever the observed effects of schooling on earnings may be, our puzzles are not ended. How large a part of those effects can be attributed to the school's improvement in the productive abilities of students? Or, to what degree does schooling act as a device to sort or screen individuals for whom school is less a source of learning than an attestation of traits regarded as desirable by potential employers? This is not the same as the previous query about bias. Adjustments for bias assume merely that whatever a man's schooling, his earnings will be affected by his background and his initial intelligence as well as by what he has learned in school. In its most extreme and unrealistic theoretical form, the screening hypothesis would say that education adds nothing to productive power; it merely sorts imperfectly by ability and by useful personality traits. The following possibilities can be schematized:

1. Education affects earnings wholly through what it does to increase abilities or aptitudes, as we measure them.

2. Education affects earnings entirely through the ways in which it changes people, but our measures of the changes are grossly inadequate. There are two variants:

---

[40] Work on college quality by Astin has been extensive and is well known; much of his work is listed in Astin and Lee (1972, pp. 113-114). Solmon (1973a) analyzed effects of college quality on earnings using the NBER-Thorndike sample, and his broader essay (1973b) is also relevant. On the status of our knowledge (or ignorance) on these questions, see also Psacharopoulos (1974, 1975). Attempts to sort out effects of school or college quality on earnings are included in: Daniere and Mechling (1970); Johnson and Stafford (1973); Morgan and Sirageldin (1968); Wales (1973); Wachtel (1974); and Weisbrod and Karpoff (1968).

a. Education increases productive potential for everyone, but we just are not measuring this successfully.

b. Schools have perverse, distorting effects on the more disadvantaged individuals, depressing their ambitions and self-images; others (and those who remain longest) are oriented in attitudes and in personality to success. (This theme was first elaborated by Gintis, 1971.)

3. Education acts in large part as a screening device. Here we have three main variants:[41]

---

[41] A growing and diverse literature on the economics of information and job search is involved. Key initial contributions under this heading are Stigler (1962), Arrow (1972), and Spence (1973, 1974). Most closely tied in with discussions of education in this vein (pro and con) are Riley (1976), Stiglitz (1974, 1975), and Wolpin (1974). Another branch of work concentrates on job search, quits, and lay-offs; relevant in the present context are McCall (1970), Metcalf (1973), Mortenson (1970, 1974), Rothschild (1973), and Whipple (1973). Related work that links study of quits and lay-offs with Becker's "firm-specific" training is discussed in Bowman (1974), but the theoretical base in that case is not in the economics of information, except incidentally, and the screening issue is not involved.

Most of the briefer commentaries on screening have accepted the new, general theory of the economics of information; problems then center on how the screening theory is specified and on the possibility of empirically identifying the relative importance of the sorting and productivity effects of schools. Primarily in this genre are Adkins (1974), Blaug (1972, 1976), Bowman (1970a), Chiswick (1973), Gordon (1974, pp. 1-26), Layard and Psacharopoulos (1974), Miller and Reissman (1969), Psacharopoulos (1974), Welch (1975), and Wiles (1974). However, these inevitably slide over into other facets of the screening debate as well--whether with regard to treatments of "credentialism," in less analytical literature (exemplified by Berg, 1971), or to

a. Labor markets are open and there is effective wage competition. However, information is costly. Hence rational employers use schooling of an individual as a clue, in order to make better guesses as to which individuals will be most productive--including which will be better investments for employer-paid training (formal or informal).

b. As in (a), employers are rational, but there is little wage competition; instead there is queuing for jobs, and one's rank in the queue is determined by his schooling.[42]

c. Human resources are allocated in the interests of a managerial elite (sometimes "capitalists"), and schooling is used to sort people out for entry into segmentalized labor markets. (See Reich, Gordon, & Edwards, 1973; Carnoy & Carter, 1974.)

If (1) described the true state of affairs, postschool measured ability would entirely eclipse any other effects of schooling upon earnings, since it would capture everything that schooling does to enhance earning power. This is not the way that the regressions have come out. So, coming to (2), what has been omitted from our specifications? The field is wide open for investigation of this question; now we have speculations greatly affected by political beliefs rather than by evidence.

---

consideration of labor market rigidities of one sort or another.

[42] The clearest representative is Thurow (1972, 1975) and Thurow and Lucas (1972). Writings by Boudon (1973a, 1973b), by Lane (1975), and by Rawlins and Ulman (1974), are related, but they do not attack the theory of wage competition as does Thurow. Recent studies that examine dynamic adaptive processes in labor markets and in inividual demands for education contrast sharply with Thurow (and with Eckaus, 1964). In addition to Freeman's work, cited earlier, see for example Scoville's emphasis (1972) on the adaptive redesigning of jobs and, especially, Dresch (1975).

Even if some version of (2) is accepted in part, the questions raised in (3) remain important. On this topic also people sort themselves politically into the pseudo-Marxian position (3c) or the more moderate (3a) or (3b). Taubman and Wales are nearest to (3a) in their views on screening. Approach (3a) is affected by recent theoretical work in the economics of information and on the functioning of labor markets under uncertainty. In a world of uncertainty, the sorting activity of schools may be societally useful. The information provided improves allocation of human resources over that which would occur in the absence of such information. Whether from a societal perspective those returns are worth the cost is another question; this would depend partly on how much of what education does is merely screening and on what the education costs. Taubman and Wales draw on this literature, although they do not follow through with it to consider alternative ways of providing information. Neither do they directly confront the question of wage flexibility (3a) versus inelasticities of occupational demand and job queuing (3b). Direct attention to the latter set of problems would seem to be called for, given their focus on occupational sorting as the process through which screening takes place.[43]

---

[43] Limited intragenerational mobility among firms, and among occupations, is an important fact of life, whatever its cause and whether we attribute it to the cumulation of investments, in the formation of partially-specialized productive capabilities (through schooling and in the post-school years), or to more arbitrary sorts of market forces. Unfortunately, most empirical evidence is highly ambiguous. The questions are old ones, though not previously tied so closely to discussions of education. The notion of "non-competing groups" carries its label from Cairnes (1874) and was in fact earlier. Evidence relating to determinants of high, or low, inter-firm mobility of employees plays a central part in the most modern "human-capital" literature. The concept of "internal labor markets," which has generated much fruitful work following Doeringer and Piore (1971), is in fact entirely consistent with the more general concept of "firm-specific" training in the human-capital literature (Bowman, 1974). Meanwhile, debates over "dualism," or Kerr's earlier (1954) "Balkanization" of labor markets, or

The goal that Taubman and Wales set for themselves is a bold one. They undertake to estimate what proportion of observed differences in earnings *associated with schooling* may be attributed to screening. They compare observed occupational distributions of men from each level of schooling with an expected distribution assuming the absence of screening. Unfortunately they fail to make explicit the crucial implicit assumption of their construct: that information is costless.

A first step in this undertaking was the running of a new set of regressions like those for the entire sample, but this time within each of three groups of occupations. Group I includes professional, technical, and sales occupations. Dummy variables for technical and for sales occupations in 1955 are entered in both the 1955 and the 1969 regressions. Group II is owners and managers. Group III includes blue-collar, lower white-collar, and service jobs. In regressions within Group III, dummy variables are entered for 1955 employment in white-collar and in service occupations.

Setting aside questions about screening, results of these analyses will be of interest as they may throw light on the intraoccupational effects of schooling on earnings (construing groups of occupations broadly). Generally, education had little effect within any of the three groups in 1955. For Group III, effects were very small even in 1969--though larger than in 1955. Key degree-completion points (college graduation, PhD, etc.) were important in the 1969 regressions for Group I. In the 1969 regressions for Group II (owners and managers), college graduation, master's degrees, and especially LLB degrees were significant.[44]

---

the newly popular concept of "segmentalized labor markets" continues--often, it is to be feared, with more heat than light. For some recent commentaries and critiques see Cain (1975), Psacharopoulos (1976), and Wachter (1974). Both Cain and Psacharopoulos provide extended lists of references on all sides of this multi-sided set of questions.

[44] The so-called sheepskin effect has often been cited as evidence of the importance of the screening aspect of education, and these findings for the Group I and Group II regressions might seem to underline that argument.

Given the small proportion of total variance in earnings that was explained by any of their equations, readers may question the meaning of the generalization with which Taubman and Wales sum up their results: that schooling had little effect upon earnings within broad occupational groupings. This statement begs the question (discussed earlier) of the relative importance of between-occupation and within-occupation effects of education on earnings.

In order to cut through an elusive set of problems and bits of evidence, Taubman and Wales pose a formal definition of screening (italics theirs):

> *Screening based on educational attainment occurs when because of lack of educational attainment, a person is excluded from an occupation in which he would have a higher marginal product or higher (discounted) earnings.* This definition introduces the idea of different occupations or jobs--a necessary concept because if a person's marginal product and wage rate do not differ across occupations, then he cannot be excluded on the basis of his education from all occupations in which his marginal product would be highest. (p. 158)

To measure the extent of screening, Taubman and Wales compare actual with expected fractions of people in different occupations at various levels of education. They estimate what an individual with specified characteristics could earn in various occupations and then assume that he chooses the one that yields the highest

---

However, evidence seems to be accumulating that rates of return to "some college" are higher than those to completion of the undergraduate degree. Such findings are not inconsistent with the relatively strong coefficients on degree-completion found by Taubman and Wales in their 1969 Group I and Group II regressions; in fact, elsewhere in their book Taubman and Wales demonstrate that when adjusted for ability the private rates of return to some college education definitely exceeded those to college completion in their sample. They do not draw on the "sheepskin" argument in their discussion of screening.

income. Further, by assuming "that the potential earnings in an occupation are equal to a person's marginal product in that occupation," they then estimate "the proportion of observed educational earnings differences due to skills produced by education and the portion due to screening." This procedure is carried out ingeniously, with a random disturbance term, to construct the probability distributions that, without screening, an individual of given characteristics would enter one rather than another of seven occupations (the three occupations in Group I, the owner-manager category in Group II, and the three in Group III listed above). Expected and actual distributions are compared for graduates of high school, those with some college, and those with an undergraduate degree. There are sharp contrasts between actual and expected distributions.

These results are translated, finally, into estimates of the prevalence of screening as follows. First, raw percentage differentials of earnings of men with some college and of those with undergraduate degrees over the earnings of high school graduates were computed for 1955 and 1969. These are the original observations, without adjustments for ability or background. Then, from the newly constructed expected occupational distributions, new percentage differentials are estimated as these would be without screening but with wage rates unchanged. They report these results (p. 171):

	Actual		Expected (without screening)	
	1955	1969	1955	1969
Some college	15.2	24.3	5.0	12.5
Undergraduate degree	17.4	42.3	7.4	24.3

In other words, they attribute half of the 1969 percentage differentials between earnings of high-school graduates and of those with college experience to screening. The differentials in 1955 were smaller, but the proportions attributed to screening were even larger.

What have they demonstrated? We see an ingenious construction that incidentally provides us with a rough division of education-explained variance in earnings into two parts, one that is mediated by occupation and one that is not so mediated. Many factors can affect how these effects of education are divided up. In part, screening is no doubt involved--perhaps more in Sweden than in the United States. But the results can be designated as evidence for screening only by assumptions about the processes that have been at work.

Taubman and Wales do not tell the reader just how they envisage screening distributes people with varying schooling among the occupations. They may sometimes be thinking of job queuing, but they waver on the topic of wage flexibility. Their estimation process implicitly treats wages as determined independently of any shifting in the occupational structure. Yet their construct allows shifts in that structure to occur without restraint, while assuming at the same time that wages do measure marginal productivity. Abstract models are serviceable, but the Taubman-Wales version is internally inconsistent. They do not escape their theoretical dilemma by acknowledging that the occupational redistribution they invoke in their model would in fact entail alterations of wages. But let us turn back to a rougher, pragmatic view of what they did.

The earnings in the Taubman and Wales regressions, in those of Fägerlind, and in the analyses of the Wisconsin team are in part formed by the demand conditions of the labor markets in which the men they were studying sought and found jobs. Can we realistically imagine a job restructuring of the economy so great as the Taubman-Wales manipulations imply?

What if they extended their analysis to a more representative sample of the national male population (women aside)? How much "give" is there in the structure of occupations at any time? How does that structure change and under what impetus? Many sociological studies of social mobility have raised such questions, and such queries do set the broader context within which studies of the status-attainment process must be interpreted.[45]

---

[45] Boudon (1973a, 1973b) used a probability queuing model that assumes a fixed occupational structure to simulate the effects of expanding education on the occupational-status distribution of men classified by social background and by education. Lane (1975), on the other hand, assumes a simple queuing process by which the best educated are absorbed into the best jobs in rank

Economists are equally concerned with the balance of demand and supply of variously educated and experienced workers, as with the dynamics of shifts in structures of occupations. Taubman and Wales can hardly expect to have their final manipulations of the occupational structure taken seriously when they stop short of asking how the changed, overall distributions of occupations that would be required to realize their expected distribution would be accommodated by the economy.

---

order (a strong version of the job-queuing models), again in an attempt to assess effects of education in a statically structured economy. In a critical review of Boudon, Hauser (1976) attacked primarily the failure to use logit analysis in Boudon's discussions of occupational-status shifts; however, Boudon was working with an "ideal-typical" model for theoretical purposes. (On this see Boudon, 1976.) Boudon, like Anderson (1961), stresses the importance of the unexplained variance, even in occupational status; his book is not directed to the screening issue, but it could be viewed as an interpretation of societal processes that is almost the opposite of that in Taubman and Wales. For an analysis of the dynamic processes of diffusion of schooling and a critique of assessments of progress in the equalization of educational attainments by social class, see Anderson (1975); he uses logit methods for the reexamination of the Swedish performance over the past generation.

Appendix A

Main Antecedent and Contemporary Work[a]

Fägerlind	Sewell and Hauser	Taubman and Wales
(Conversion of Environmental and Personal Resources into Occupational Status Earnings)	(The Process of Status Achievement in Education, Occupation, and Earnings)	(Effects of Education on Economic Productivity)
Husén, 1951. Husén, Emanuelsson, Fägerlind, & Liljefors, 1969. Coleman, 1971. Jencks et al., 1972. Duncan, Featherman, & Duncan, 1972.	Blau and Duncan, 1967. Duncan, Featherman, & Duncan, 1972. Hauser, 1971.	Basic human-capital analyses: Becker, 1964/1975; Mincer, 1974. On economic returns and ability: Bowles (alone and with others); Griliches (alone and with others); Hause; Solmon; Weisbrod; Welch.
Articles by author with associates; others have been: Bulcock, Emanuelsson.	Articles by authors and their associates; others have been: Alwin; Armer; Haller; Ohlendorf; Portes; Shah.	
Main related work: Duncan; Griliches & Mason; Hause.	Main related work: Duncan; Alexander; Eckland; Spaeth; Coleman.	Screening and job queuing: Arrow; Spence; Thurow.

---

[a] This list includes only the most closely related prior work by the authors and by others who influenced them or whom they challenge. Dates are entered for books only. See reference list under names indicated.

MARY JEAN BOWMAN

Appendix B

Specific Questions and Issues Addressed

	Fägerlind	Sewell and Hauser	Taubman and Wales
Relationships among background, ability, and education			
1. Relationships between background and ability.	X	X	
2. Effects of background and of ability on education.	X	X	
3. Effects of education on ability.	X		
4. Interaction between background and ability effects on education.	X		
Determinants of occupational status			
5. Education as a mediator between background and occupation, early years.	X	X	
6. Mediated and direct effects of specified background traits on occupational status, early years.	X	X	
7. Replication of questions (5.) and (6.), later years (up to age 43).	X		
Determinants of earnings			
8. Mediated and direct effects of education and of ability on earnings (occupational status as a mediator)	X	X	
9. Mediated and direct effects of specified background traits on earnings.	X	X	
10. Interactions between postschool mental test and occupational status in effects on earnings.	X		

	Fägerlind	Sewell and Hauser	Taubman and Wales
Determinants of earnings			
11. Interactions between education and occupational status in effects on earnings.	X		
12. Estimates of biases in coefficients on educational differences in earnings.		X	X
13. Interactions between education and ability in effects on earnings.		X	X
14. Comparisons between earnings equations for later and early years.	X		X
15. Construction of age-earnings profiles.	X		X
16. Prediction of later earnings from residuals in regressions for early years.			X
Other special features			
17. Effects of using ACLEV (educational achievement) versus EDUC (years of school completed) as the education indicator; all relevant relationships.	X		
18. Effect of type or quality of college on earnings.		X	
19. Examination of earnings foregone by college students.		X	
20. Examination of social-psychological variables in status achievement.		X	
21. Effects of using different ability indicators on simple correlation of ability and earnings.			X
22. Within occupation (major group) earnings regressions.			X
23. Use of an occupation-earnings test of the "screening" hypothesis.			X

Appendix C

Principal Population Studied and Nature of the Data

	Fägerlind	Sewell, Hauser, and Featherman	Taubman and Wales
1. Base population and sample	Pupils in the third grade of schools of Malmö, Sweden (normally 10 years old) in 1938, entire universe of males included. Very slight ability or socio-economic bias in follow-up (93% of survivors in 1964 and 95% in 1969. Of remainder about 2% known to be emigrants).	Wisconsin high school seniors of 1957; sample used is for non-farm males not in school and employed in the civilian labor force in 1964. Slight ability or socio-economic bias (88% response on follow-up in 1964).	Sample of accepted volunteers for pilot, navigator, and bombardier training programs; Army Air Corps, World War II Above the median high school graduate on AFQT score; selection by choice into program; further upward bias in the 1969 responses.
2. Data on income of study population	Earnings at ages 24 to 43 (1953, 1958, 1963, 1968, and 1971). Official information from tax registers, available on every person.	Earnings at ages 27-29 (1965-67) from Social Security Administration confidential records; adjusted for effects of multiple job holding and the ceiling on covered earnings. Supplementary data from Wisconsin income tax files. For study of foregone earnings: social security records 1957-1961.	1955 monthly salary as reported by Thorndike and Hagen questionnaire at that time; 1969 earnings on principal job (annual full-time rate) as reported on NBER follow-up questionnaire.
3. Data on occupations of respondents	Dates as for earnings. Mail questionnaire (sample traced through facilities of public record system): classified in ordinal categories on 6-point scale.	1964 follow-up sample survey. Occupations scaled in Duncan SEI units, on the 3-digit census categories.	Major occupation categories: 1955 from the Thorndike-Hagen and 1969 from NBER follow-up questionnaires.

	Fägerlind	Sewell, Hauser, and Featherman	Taubman and Wales
4. Data on education of respondents	From 1963 questionnaire. Two scales used: a) number of years completed (EDUC, a 4-point scale); b) educational achievement level (ACLEV, a 6-point scale).	1964 follow-up questionnaire; years of school beyond high school.	Post-high school categories, from 1955 and 1969 follow-up questionnaires, used as set of dummy variables.
5. Data on ability, aptitude, etc.	1938: Hallgren group IQ, administered in third grade. 1948: military intelligence test (universal for males).	Percentile scores on Henmon-Nelson test of Mental Ability 1957.	Factor analysis of 17 Air Force tests administered in 1943. Identified four factors: 1. mathematical 2. complex coordination 3. "IQ" (especially reading comprehension and mechanical principles) 4. Spatial orientation (and speed of identification).
6. Father's education	From 1938 data. Scaling similar to ACLEV for pupils, but adapted to parential cohort.	Initial 1957 survey, reported by students. Coded as years of school completed	Dummy variables: father attended high school and father attended college. (Army Air Corps data, 1943)
7. Father's occupation	See SES	From Wisconsin tax return for 1957. Coded in Duncan SEI units.	---
8. Mother's education	---	As father's education	---
9. Parental income	See SES. (Parental income data available but not used in this book; used in prior article with associates).	Parents' average income 1957-60, from Wisconsin tax returns. Experimented also, with data from same source, distinguishing father's and mother's income.	---
10. Parental SES	Composite constructed in 1938 from data on father's occupation, 1937 family income, number of children, appearance in welfare registry and on criminal records.	Data not used in composite form	---

11. Siblings (or family size	Children under 16 living at home (including foster); 1938 population registers.	---	---
12. Rank in class	---	1957 school report.	---
13. College plans, occupational aspirations	---	1957 responses of students.	---
14. Student perceptions of influence of teachers, parents, and friends	---	1957 responses of students.	---
15. Types of college attended	---	Specific information obtained by college in 1964 survey.	---
16. Military service	(Military service is universal).	From 1964 survey.	A military sample in World War II

2876

MARY JEAN BOWMAN

References

Adkins, D. L. The American educated labor force: An empirical look at theories of its formation and composition. In M. S. Gordon (Ed.), *Higher education and the labor market*. New York: McGraw-Hill, 1974.

Alexander, K. L., & Eckland, B. K. Effects of education on the social mobility of high school sophomores fifteen years later (1955-1970). Final Report on Project No. 10202, N.I.E. Grant No. OEG-4-71-0037, 1973.

Alexander, K. L., & Eckland, B. K. Sex differences in the educational attainment process. *American Sociological Review*, 1974, *39*, 668-682.

Alexander, K. L., & Eckland, B. K. Basic attainment processes: A replication and extension. *Sociology of Education*, 1975, *48*, 457-495. (a)

Alexander, K. L., & Eckland, B. K. School experience and status attainment. In S. E. Dragastin & G. H. Elder (Eds.), *Adolescence in the life cycle*. New York: Halsted, 1975. (b)

Alexander, K. L., Eckland, B. K., & Griffin, L. J. The Wisconsin model of socioeconomic achievement: A replication. *American Journal of Sociology*, 1975, *81*, 324-342.

Alwin, D. F., & Hauser, R. M. The decomposition of effects in path analysis. *American Sociological Review*, 1975, *40*, 37-47.

Anderson, C. A. A skeptical note concerning the relation of vertical mobility to education. *American Journal of Sociology*, 1961, *66*, 560-570.

Anderson, C. A. Expanding educational opportunities: Conceptualization and measurement. *Higher Education*, 1975, *4*, 393-408.

Anderson, C. A., & Bowman, M. J. Relationships among schooling, "ability" and income in industrialized societies. In K. Hüfner & J. Naumann (Eds.), *Economics of education in transition*. Stuttgart, Germany: Ernst Klett, 1969.

Anderson, C. A., Bowman, M. J., & Tinto, V. *Where colleges are and who attends*. New York: McGraw-Hill, 1972.

Arrow, K. J. *Higher education as a filter* (Tech. Rep. 71, Econ. Ser.). Stanford, Calif.: Stanford University, Institute for Mathematical Studies in the Social Sciences, 1972.

Ashenfelter, O. & Mooney, J. Graduate education, ability and earnings. Review of Economics and Statistics, 1968, 50, 78-86.

Astin, A. W. & Lee, C. B. T. The invisible colleges. New York: McGraw-Hill, 1972.

Becker, G. S. Human capital (Rev. ed.). New York: National Bureau of Economic Research, 1975. (Originally published, 1964.)

Becker, G. S. Human capital and the personal distribution of income: An analytical approach (Woytinsky Lecture No. 1). Ann Arbor: University of Michigan, Institute of Public Administration and Department of Economics, 1967.

Becker, G. S. Comment on S. Bowles, "Schooling and inequality from generation to generation." Journal of Political Economy, 1972, 80(3), S252-S255.

Berg, I. Education and jobs: The great training robbery. New York: Praeger, 1971.

Blau, P. M., & Duncan, O. D. The American occupational structure. New York: Wiley, 1967.

Blaug, M. The correlation between education and earnings: What does it signify? Higher Education, 1972, 1, 53-76.

Blaug, M. The empirical status of human capital theory: A survey. Unpublished manuscript, University of London, Institute of Education and London School of Economics, 1976.

Blum, Z. D. White and black careers during the first decade of labor force experience, Part II: Income differences. Social Science Research, 1972, 1, 271-292.

Boudon, R. Education et mobilité. Sociologie et Societes, 1973, 5, 111-125. (a)

Boudon, R. Education, opportunity and social equality. New York: Wiley, 1973. (b)

Boudon, R. Comment on Hauser's review of education, opportunity, and social inequality. American Journal of Sociology, 1976, 81, 1175-1187.

Bowlby, R. L., & Schriver, W. R. Academic ability and rates of return to vocational training. Industrial and Labor Relations Review, 1973, 26, 980-990.

Bowles, S. Towards an educational production function.

In W. L. Hanson (Ed.), *Education, income and human capital*. New York: National Bureau of Economic Research, 1970.

Bowles, S. Schooling and inequality from generation to generation. *Journal of Political Economy*, 1972, *80*, S219-S251. (a)

Bowles, S. Unequal education and the reproduction of the social division of labor. In M. Carnoy (Ed.), *Schooling in a corporate society*. New York: David McKay, 1972. (b)

Bowles, S. Understanding unequal economic opportunity. *American Economic Review*, 1973, *63*, 346-356.

Bowles, S., & Nelson, V. The "genetic inheritance of I.Q." and the intergenerational reproduction of economic inequality. *Review of Economics and Statistics*, 1974, *61*, 39-51.

Bowman, M. J. The assessment of human investments as growth strategy. In *Federal programs for the development of human resources* (Joint Economic Committee, 90th session). Washington, D.C.: U.S. Government Printing Office, 1968.

Bowman, M. J. Education and economic growth. In R. L. Johns, I. J. Goffman, K. Alexander, & H. Stoller (Eds.), *Economic factors affecting the financing of education*. Gainesville, Fla.: National Educational Finance Project, 1970. (a)

Bowman, M. J. Mass elites on the threshold of the 1970's. *Comparative Education*, 1970, *6*, 141-160. (b)

Bowman, M. J. Selective remarks and some dicta. In L. C. Solmon & P. J. Taubman (Eds.), *Does college matter?* New York: Academic Press, 1973.

Bowman, M. J. Learning and earning in the postschool years. In F. N. Kerlinger & J. B. Carroll (Eds.), *Review of research in education* (Vol. 2). Itasca, Ill.: Peacock, 1974.

Bulcock, J. W., Fägerlind, I., & Emanuelsson, I. *Education and the socioeconomic career: U.S.-Swedish comparisons* (Report No. 6). Stockholm, Sweden: University of Stockholm, Institute for the Study of International Problems in Education, 1974. (a)

Bulcock, J. W., Fägerlind, I., & Emanuelsson, I. *Education and the socioeconomic career II: A model of the resource conversion properties of family, school, and occupational environments* (Report No. 10). Stockholm, Sweden: University of Stockholm, Institute for the Study of International Problems in Education, 1974. (b)

Cain, G. G. The challenge of dual and radical theories of the labor market to orthodox theory. *American Economic Review*, 1975, *65*, 16-22.

Cairnes, J. E. *Some leading principles of political economy*. London: Harpers, 1874.

Carnoy, M., & Carter, M. A. *Theories of labor markets and worker productivity*. Menlo Park, Calif.: Portola Institute, August 1974.

Chamberlain, G., & Griliches, Z. *Returns to schooling of brothers and ability as an unobservable variance component* (Discussion Paper No. 340). Cambridge, Mass: Harvard Institute of Economic Research, 1974.

Chiswick, B. R. Schooling, screening and income. In L. C. Solmon & P. J. Taubman (Eds.), *Does college matter?* New York: Academic Press, 1973.

Chiswick, B. R. *The distribution of income*. New York: National Bureau of Economic Research, 1974.

Chiswick, B. R., & Mincer, J. Time series in personal income inequality in the United States from 1939, with projections to 1985. *Journal of Political Economy*, 1972, *80*(2), S34-S66.

Christensen, S., Melder, J., & Weisbrod, B. A. Factors affecting college attendance. *Journal of Human Resources*, 1975, *10*(2), 139-155.

Coleman, J. S. *Resources for social change*. New York: Wiley-Interscience, 1971.

Coleman, J. S., Campbell, E. Q., Hobson, C. J., McPartland, J., Mood, A. M., Weinfeld, F. D., & York, R. L. *Equality of educational opportunity*. Washington, D.C.: U.S. Department of Health, Education and Welfare, Office of Education, 1966.

Coleman, J. S., Berry, C. C., & Blum, Z. D. White and black careers during the first decade of labor force experience, Part III: Occupational status and income together. *Social Science Research*, 1972, *1*, 293-304.

Coleman, J. S., Blum, Z. D., Sorenson, A. A., & Rossi, P. M. White and black careers during the first decade of labor force experience, Part I: Occupations. *Social Science Research*, 1972, *1*, 243-270.

Conlisk, J. A bit of evidence on the income-education-ability interrelation. Journal of Human Resources, 1971, 6, 358-362.

Daniere, A., & Mechling, J. Direct marginal productivity of college education in relation to college aptitude of students and production costs of institutions. Journal of Human Resources, 1970, 5, 51-70.

Denison, E. F. Sources of economic growth in the United States. (Supplementary Paper No. 13). New York: Committee for Economic Development, 1962.

Denison, E. F. Measuring the contribution of education to economic growth. In The residual factor and economic growth. Paris: OCED, 1964, pp. 3-55; 77-102.

Denison, E. F. Why growth rates differ. Washington, D.C.: Brookings Institution, 1967.

Denison, E. F. Accounting for United States economic growth, 1923-69. Washington, D.C.: Brookings Institution, 1974.

DeWolff, P., & Van Slijpe, A. R. D. The relation between income, intelligence, education, and social background. European Economic Review, 1973, 4, 235-264.

Doeringer, B. P. & Piore, M. Internal labor markets and manpower analysis. Lexington, Mass.: Heath Lexington, 1971.

Douglas, J. W. B., Ross, J. M., & Simpson, H. R. All our futures: A longitudinal study of secondary education. London: Peter Davies, 1968.

Dresch, S. Demography, technology, and higher education: Towards a formal model of educational adaptation. Journal of Political Economy, 1975, 83, 535-569.

Duncan, B. Family factors and school dropouts: 1920-1960 (Cooperative Research Project No. 2258). Ann Arbor: University of Michigan, U.S. Office of Education, 1965.

Duncan, O. D. A socio-economic index for all occupations. In A. J. Reiss, Jr. (Ed.), Occupations and social status. New York: Free Press, 1961.

Duncan, O. D. Path analysis: Sociological examples. American Journal of Sociology, 1966, 72, 1-16.

Duncan, O. D. Ability and achievement. Eugenics Quarterly, 1968, 15, 1-11.

Duncan, O. D. Contingencies in constructing causal models. In E. F. Borgatta (Ed.), Sociological methodology. San Francisco: Jossey-Bass, 1969.

Duncan, O. D. Path analysis: Sociological examples (addenda). In H. M. Blalock, Jr. (Ed.), Causal models in the social sciences. Chicago: Aldine Atherton, 1971.

Duncan, O. D., & Featherman, D. L. Psychological and cultural factors in the process of occupational achievement. Social Science Research, 1972, 1, 121-145.

Duncan, O. D., Featherman, D. L., & Duncan, B. Socioeconomic background and achievement. New York: Seminar Press, 1972.

Duncan, O. D., Halles, A. O., & Portes, A. Peer influences on aspirations. A reinterpretation. American Journal of Sociology, 1968, 74(2), 119-137.

Duncan, O. D., & Hodge, R. W. Education and occupational mobility. American Journal of Sociology, 1963, 68, 629-644.

Eckaus, R. S. Economic criteria for education and training. Review of Economics and Statistics, 1964, 46, 181-190.

Eckland, B. K. Academic ability, higher education, and occupational mobility. American Sociological Review, 1965, 30, 735-746.

Featherman, D. L. The socioeconomic achievement of white religio-ethnic subgroups: Social and psychological explanations. American Sociological Review, 1971, 36, 207-222.

Featherman, D. L. Achievement orientations and socioeconomic career attainments. American Sociological Review, 1972, 37, 131-143.

Featherman, D. L., with the assistance of R. M. Hauser and W. H. Sewell. Toward comparable data on inequality and stratification: Perspectives on the second generation of national mobility studies. The American Sociologist, 1974, 9(2), 18-25.

Freeman, R. The market for college trained manpower. Cambridge: Harvard University Press, 1971.

Freeman, R. The changing labor market for members of minority-groups. In M. S. Gordon (Ed.), Higher education and the labor market. New York: McGraw-Hill, 1974.

Freeman, R. The declining economic value of higher education and the American social system. Paper prepared for the Aspen Institute for Humanistic

Studies, Conference on Education in a Changing Society, June 1975. (a)

Freeman, R. Overinvestment in college training? Journal of Human Resources, 1975, 10, 287-311. (b)

Gintis, H. Education, technology, and the characteristics of worker productivity. American Economic Review, 1971, 61 Proceedings, 266-279.

Gordon, M. S. (Ed.). Higher education and the labor market (Essays sponsored by the Carnegie Commission on Higher Education). New York: McGraw-Hill, 1974.

Griliches, Z. Notes on the role of education in production functions and growth accounting. In W. L. Hanson (Ed.), Education, income, and human capital. New York: National Bureau of Economic Research, 1970.

Griliches, Z. Estimating returns to schooling: Some econometric problems. Presidential address at the meeting of the Econometric Society, Toronto, 1975. (Mimeo, Harvard University, 1975.)

Griliches, Z., & Mason, W. M. Education, income and ability. Journal of Political Economy, 1972, 80(3), S75-S103.

Haller, A. O., & Portes, A. Status attainment processes. Sociology of Education, 1973, 46, 51-91.

Hansen, W. L., Weisbrod, B. A., & Scanlon, W. J. Schooling and earnings of low achievers. American Economic Review, 1969, 60 Proceedings, 409-419.

Haug, M. R., & Sussman, M. B. The indiscriminate state of social class measurement. Social Forces, 1971, 49(4), 549-563. (With commentary by A. B. Hollingshead, pp. 563-567, and reply by Haug & Sussman, pp. 568-569)

Hause, J. C. Earnings profile: Ability and schooling. Journal of Political Economy, 1972, 80(2), S108-S138.

Hause, J. C. The covariance structure of earnings and the on-the-job training hypothesis. (Working Paper No. 25). Palo Alto, Calif.: National Bureau of Economic Research, Center for the Economic Analysis of Human Behavior and Social Institutions, 1973.

Hause, J. C. The risk element in occupational and educational choices: A comment. Journal of Political Economy, 1974, 82, 803-807.

Hause, J. C. Ability and schooling determinants of lifetime earnings. In F. T. Juster (Ed.), Education, income, and human behavior. New York: National Bureau of Economic Research, 1975.

Hauser, R. M. Socioeconomic background and educational performance. (Arnold and Caroline Rose Monograph Series in Sociology). 1971.

Hauser, R. M. Socioeconomic background and differential returns to education. In L. C. Solmon & P. J. Taubman (Eds.), Does college matter? New York: Academic Press, 1973. (a)

Hauser, R. M. Disaggregating a social-psychological model of educational attainment. In O. D. Duncan & A. S. Goldberger, (Eds.), Structural equation models in the social sciences. New York: Academic Press, 1973. (b)

Hauser, R. M. Review essay on Boudon's model of social mobility. American Journal of Sociology, 1976, 81(4, Jan.), 911-928.

Hauser, R. M., Dickinson, P. J., Travis, H. P., & Koffel, J. N. Structural changes in occupational mobility among men in the United States. American Sociological Review, 1975, 40, 585-598.

Heise, D. R. Problems in path analysis and causal inference. In E. F. Borgatta (Ed.), Sociological methodology. San Francisco: Jossey-Bass, 1969.

Henle, P. Exploring the distribution of earned income. Monthly Labor Review, 1972, 95, 16-27.

Husén, T. Begävning och miljö. Stockholm: Victor Pettersons Bokindustriaktiebolag, 1951.

Husén, T. Talent, opportunity and career. Stockholm: Almqvist & Wiksell, 1969.

Jencks, C., Smith, M., Ackland, H., Bane, M. J., Cohen, D., Gintis, H., Heyns, B., & Michelson, S. Inequality: A reassessment of the effect of family and schooling in America. New York: Basic Books, 1972.

Johnson, G. E., & Stafford, F. P. Social returns to quantity and quality of schooling. Journal of Human Resources, 1973, 8, 139-155.

Kelley, J. Causal chain models for the socioeconomic career. American Sociological Review, 1973, 38, 481-493.

Kerr, C. The Balkanisation of labor markets. In E. W. Bakke (Ed.), Labor mobility and economic opportunity. Cambridge, Mass.: MIT Press, 1954.

Land, K. C. Principles of path analysis. In E. F. Borgatta (Ed.), *Sociological methodology*. San Francisco: Jossey-Bass, 1969.

Lane, A. The occupational achievement process 1940-1949: A cohort analysis. *American Sociological Review*, 1975, *40*, 472-482.

Layard, P. R. G. *On measuring the redistribution of lifetime income*. Paper presented to the International Economic Association, Conference on the Economics of Public Services, Turin. (Mimeo, London School of Economics, 1974.)

Layard, P. R. G., & Psacharopoulos, G. The screening hypothesis and the returns to education. *Journal of Political Economy*, 1974, *82*, 985-998.

Lillard, L. Human capital life cycle of earnings models: A specific solution and estimation (Working Paper No. 4). New York: National Bureau of Economic Research, 1973.

Lydall, H. *The structure of earnings*. Oxford: Clarendon Press, 1968.

McCall, J. J. Economics of information and job search. *Quarterly Journal of Economics*, 1970, *84*, 113-126.

Marin, A., & Psacharopoulos, G. Schooling and income distribution. (Mimeo, London School of Economics, 1974.)

Mayhew, A. Education, occupation and earnings. *Industrial and Labor Relations Review*, 1971, *24*(2), 216-225.

Metcalf, D. Pay dispersion, information and returns to search in a professional labor market. *Review of Economic Studies*, 1973, *40*, 491-506.

Miller, L. S. *Demand for higher education in the United States*. Stony Brook, N.Y.: State University of New York, Economic Research Bureau, 1971.

Miller, S., & Reissman, F. The credential trap. In S. Miller & F. Reissman (Eds.), *Social class and social policy*. New York: Basic Books, 1969.

Mincer, J. The distribution of labor incomes: A survey with special references to the human capital approach. *Journal of Economic Literature*, 1970, *8*, 1-26.

Mincer, J. Education, experience and the distribution of earnings and employment: An overview. In F. T. Juster (Ed.), *Education, income, and human behavior*. New York: National Bureau of Economic Research, 1974. (a)

Mincer, J. *Schooling, experience and earnings.* New York: National Bureau of Economic Research, 1974. (b)

Morgan, J. N., & Sirageldin, I. A note on the quality dimension in education. *Journal of Political Economy*, September/October 1968, 1069-1077.

Morgenstern, R. D. Direct and indirect effects on earnings of schooling and socioeconomic background. *Review of Economics and Statistics*, 1973, *55*, 225-233.

Mortenson, D. T. A theory of wage and employment dynamics. In E. S. Phelps (Ed.), *Micro-economic foundations of inflation and employment theory.* New York: Norton, 1970.

Mortenson, D. T. Job matching under imperfect information. Unpublished manuscript, Evanston, Ill., 1974.

Oulton, N. The distribution of education and the distribution of income. *Economica*, November 1974, *41*(164), 1238-1240.

Parnes, H. S., Fleisher, B. M, Miljus, R. C., & Spitz, R. S. *The pre-retirement years: A longitudinal study of the labor market experience of the cohort of men 45-59 years of age* (Vol. 1). Columbus: Ohio State University Center for Human Resource Research, 1968.

Parnes, H. S., Miljus, R. C., & Spitz, R. S. *Career thresholds: A longitudinal study of the educational and labor market experiences of male youth* (Vol. 1, Manpower Research Monograph No. 16). Washington D.C.: U.S. Department of Labor, 1970.

Porter, J. N. Race, socialization and mobility in educational and early occupational attainment. *American Sociological Review*, 1974, *39*, 303-316.

Psacharopoulos, G. *Returns to education.* New York: Elsevier, 1973.

Psacharopoulos, G. College quality as a screening device. *Journal of Human Resources*, 1974, *9*, 556-557.

Psacharopoulos, G. *Earnings and education in O.E.C.D. countries.* Paris: Organization of Economic and Cultural Development, 1975.

Psacharopoulos, G. Labour market segmentation and income distribution. Unpublished manuscript, London School of Economics, 1976.

Rawlins, V. L., & Ulman, L. The utilization of college trained manpower in the United States. In

M. S. Gordon (Ed.), Higher education in the labor market. New York: McGraw-Hill, 1974.

Reich, M., Gordon, D. M., & Edwards, R. C. A theory of labor market segmentation. American Economic Review, 1973, 63, 359-365.

Riley, J. G. Information, screening and human capital. American Economic Review, 1976, 66 Proceedings, 254-260.

Rogers, D. C. Private rates of return to education in the United States: A case study. Yale Economic Essays, 1969, 9, 88-134.

Rosen, S. Human capital: A survey of empirical research. Paper presented at the meeting of the Econometric Society, Toronto, August 1975. (Revised version, University of Rochester, 1976.)

Rothschild, M. Models of market organization with imperfect information: A survey. Journal of Political Economy, November/December 1973, 1283-1308.

Schiller, B. R. Stratified opportunities: The essence of the vicious circle. American Journal of Sociology, 1970, 76, 426-442.

Schultz, T. W. Capital formation by education. Journal of Political Economy, 1960, 67, 571-583.

Schultz, T. W. Investment in human capital. American Economic Review, 1961, 51, 1-17.

Schultz, T. W. The economic value of education. New York: Columbia University Press, 1963.

Scoville, J. G. Manpower and occupational analysis: Concepts and measures. Lexington, Mass.: Heath Lexington, 1972.

Sewell, W. H. Inequality of opportunity for higher education. American Sociological Review, 1971, 36, 793-809.

Sewell, W. H., & Armer, J. M. Neighborhood context and college plans. American Sociological Review, 1966, 31, 159-168.

Sewell, W. H., Haller, A. O., & Ohlendorf, G. V. The educational and early occupational attainment process, replication and revision. American Sociological Review, 1970, 35, 1014-1027.

Sewell, W. H., Haller, A. O., & Portes, A. The educational and early occupational attainment process. American Sociological Review, 1969, 34, 82-92.

Sewell, W. H., & Hauser, R. M. Causes and consequences of higher education: Models of the status attainment process. *American Journal of Agricultural Economics*, 1972, *54*, 851-861.

Sewell, W. H., & Shah, V. P. Socioeconomic status, intelligence and the attainment of higher education. *Sociology of Education*, 1967, *40*, 1-23.

Sewell, W. H., & Shah, V. P. Social class, parental encouragement and educational aspirations. *American Journal of Sociology*, 1968, *73*, 559-572. (a)

Sewell, W. H., & Shah, V. P. Parents' education and childrens' educational aspirations and achievements. *American Sociological Review*, 1968, *33*, 191-209. (b)

Smyth, J. A. Utility and the social order: The axiological problem in sociology. *British Journal of Sociology*, 1971, *22*, 381-394.

Solmon, L. C. The definition and impact of college quality. In L. C. Solmon & P. J. Taubman (Eds.), *Does college matter?* New York: Academic Press, 1973. (a)

Solmon, L. C. Schooling and subsequent success: The influence of ability, background and formal education. In L. C. Solmon & P. J. Taubman (Eds.), *Does college matter?* New York: Academic Press, 1973. (b)

Spaeth, J. L. Towards a general theory of the attainment process. In W. H. Sewell, R. M. Hauser, & D. L. Featherman (Eds.), *Schooling and achievement in American society*. New York: Academic Press, 1976.

Spaeth, J. L., & Greeley, A. M. *Recent alumni and higher education*. New York: McGraw-Hill, 1970.

Spence, M. Job market signaling. *Quarterly Journal of Economics*, 1973, *87*, 355-374.

Spence, R. M. *Market signaling*. Cambridge, Mass.: Harvard University Press, 1974.

Stigler, G. J. Information in the labor market. *Journal of Political Economy*, 1962, *70*, 94-105.

Stiglitz, J. E. The demand for education in public and private school systems. *Journal of Public Economics*, 1974, *3*, 349-385.

Stiglitz, J. E. The theory of "screening," education and the distribution of income. *American Economic Review*, 1975, *65*, 283-300.

Taubman, P. J., & Wales, T. The inadequacy of cross-section age-earnings profiles when ability is not held constant. Annals of Economic and Social Measurement, 1972, 1, 363-368. (a)

Taubman, P. J., & Wales, T. Mental ability and higher educational attainment in the 20th century (Occasional Paper 118). New York: National Bureau of Economic Research, 1972, 95-123. (b)

Taubman, P. J., & Wales, T. Higher education, mental ability and screening. Journal of Political Economy, 1973, 81, 28-55.

Taubman, P. J., & Wales, T. Education as an investment and screening device. In F. T. Juster (Ed.), Education, income, and human behavior. New York: McGraw-Hill, 1974. (a)

Thurow, L. Education and economic equality. The Public Interest, 1972, 28(summer), 66-81.

Thurow, L. Generating inequality. New York: Basic Books, 1975.

Thurow, L., & Lucas, R. E. B. The American distribution of income: A structural problem. Washington, D.C.: Joint Economic Committee, 1972.

Wachtel, P. The returns to investment in education: Another view. In F. T. Juster (Ed.), Education, income, and human behavior. New York: McGraw-Hill, 1974, pp. 151-170.

Wachter, M. L. Primary and secondary labor markets: A critique of the dual approach (Brookings Paper on Economic Activity No. 3). Washington, D.C.: Brookings Institution, 1974.

Wales, T. V. The effect of college quality on earnings: Results from the NBER-Thorndike data. Journal of Human Resources, 1973, 8, 306-317.

Weisbrod, B., & Karpoff, P. Monetary returns to college education, student ability, and college quality. Review of Economics and Statistics, 1968, 50(4), 353-358.

Weiss, Y. The risk element in occupational and educational choices. Journal of Political Economy, 1972, 8, 1203-1213.

Welch, F. Relationships between income and schooling. In F. N. Kerlinger & J. B. Carroll (Eds.), Review of Research in Education (Vol. 2). Itasca, Ill.: Peacock, 1974.

Welch, F. Human capital theory: Education, discrimination and life cycles. American Economic Review, 1975, 65 Proceedings, 63-73.

Whipple, D. A generalized theory of job search. Journal of Political Economy, 1973, 81, 1170-1188.

Wiles, P. The correlation between education and earnings: The external-test-not-content hypothesis (ETNC). Higher Education, 1974, 3, 43-58.

Wise, D. Academic achievement and job performance. American Economic Review, 1975, 65, 350-366.

Wolpin, K. Education, screening and the demand for labor of uncertain quality. Unpublished doctoral dissertation, City University of New York, 1974.

Young, M. The rise of the meritocracy. London: Thames & Hudson, 1958.

[Subsequently, the following communication from the Civil Service Commission was received and ordered placed in the record:]

UNITED STATES CIVIL SERVICE COMMISSION
BUREAU OF RECRUITING AND EXAMINING
WASHINGTON, D.C. 20415

ESV:VET

18 MAY 1976

Mr. Guy H. McMichael III
General Counsel
Committee on Veterans' Affairs
United States Senate
Washington, D.C. 20510

Dear Mr. McMichael:

We are writing for the Committee's favorable consideration of a proposal to modify the publication requirement under section 403 of P.L. 93-508 (codified as section 2014(d) title 38, U.S. Code). Specifically, we propose publishing one annual narrative report of agency activities to promote the employment and advancement of disabled and Vietnam era veterans, in lieu of the semiannual reports presently required. We would supplement the annual report with semiannual publications of statistics which would monitor the results of the agencies' efforts. The purpose of the proposal is to ease the agencies' heavy reporting load.

Presently, we are requiring agencies to submit reports on disabled veterans 3 times each year; once as part of an affirmative action plan required under section 501(b) of P.L. 93-112 (87 stat. 391) and section 403 of P.L. 93-508 (2014(c) title 38, U.S. Code; and twice more as required under the subsequent section of P.L. 93-508 which reads, in part:

> (section 2014(d) title 5 U.S. Code): "...The Commission shall periodically obtain and publish (on at least a semiannual basis) reports on such implementation and activities from each department...,including specification of the use and extent of...[Veterans' Readjustment Appointments]...and the results of the...[affirmative action plans for disabled veterans]."

Our proposal is to continue receiving the affirmative action plans unchanged, which are annual submissions each March 31st to cover a reporting year which begins April 1 and ends on that day. We would

THE MERIT SYSTEM—A GOOD INVESTMENT IN GOOD GOVERNMENT establish the same reporting year and reporting date for an annual narrative publication on disabled veterans and VEV's, and supplement that narrative report with semiannual statistical reports. The statistics would be assembled from monthly reports which we already receive but which would be expanded to include disabled veterans.

This modification would permit the agencies to concentrate just once per year on gathering information to be used for reporting on both the affirmative action plans for the handicapped and disabled veterans, and on the narrative activities report covering disabled and Vietnam era veterans. The rest of the year could be devoted to furtherance of the programs. We have querried ten of the larger Government agencies for their opinion of our proposal and the response was universal agreement.

If you wish, the Director of the Office of Veterans' Employment Programs, Mr. Joseph LeMasurier, will be pleased to meet with you at your convenience to clarify and elaborate on any aspect of this proposal.

Sincerely yours,

JW Fossum

John W. Fossum
Acting Director

[Subsequently, amendment No. 2005 to S. 969 was introduced and referred to the Committee. That amendment and related materials follow:]

[From the Congressional Record—Senate, Friday, July 2, 1976]

S. 969—VETERANS' EDUCATION AND EMPLOYMENT ASSISTANCE ACT, AMENDMENT NO. 2005

Mr. HARTKE. Mr. President, today I submit an amendment in the nature of a substitute to S. 969 to be known as the Veterans' Education and Employment Assistance Act of 1976. This amendment, which consists of seven titles, is the third major legislative initiative designed to improve and expand the VA educational assistance program since I assumed the chairmanship of the Committee on Veteran's Affairs in 1971. First was the 1972 GI bill amendments—Public Law 92-540—which significantly increased benefits payable to Vietnam veterans. This was followed by the Vietnam Era Veterans' Readjustment Assistance Act of 1974—Public Law 93-508—a comprehensive bill which was enacted over President Ford's veto in December of 1974. The measure which I introduce today is intended to complete further the efforts of 1972 and 1974 and to provide more adequate educational and employment assistance for our Nation's veterans.

I am pleased that joining me in sponsorship of this comprehensive amendment is the ranking Republican member of the Subcommittee on Readjustment, Education and Employment, the distinguished senior Senator from Vermont (Mr. Stafford). Senator Stafford has been a hard working member of this subcommittee and played an important role in shaping the GI bill legislation enacted both in 1972 and 1974. I am pleased that continuing the strong bipartisan tradition of this committee, he has joined once again to help fashion what I believe will be a strengthened and improved GI bill.

At the onset, let me say that the Veterans' Education and Employment Assistance Act of 1976 is neither a completely finished product nor all that I would like it to be. It is, however, the product of a considerable amount of attention to the education and employment problems of veterans within the context of the budgetary restraint placed on our committee by the concurrent resolution on the budget adopted by the House and Senate earlier this year. The level of spending adopted for veterans' benefits and services in the concurrent resolution on the budget does not permit us to provide a cost-of-living increase to account fully for the changes in the Consumer Price Index since September of 1974, the effective date of the last GI bill increases. However, it does appear that we can grant an 8-percent increase within the context of available resources. Though this increase is not all I would like it to be, it is not an insubstantial increase in benefits payable to veterans. Members will also note that there is no provision in the amendment offered today for a general extension of the 10-year delimiting date for post-Korean veterans, those veterans who served between 1955 and 1966.

I have previously addressed this issue in some detail and I refer my colleagues to the remarks I made on the floor of the Senate on June 2 this year. At that time, I noted the strong opposition to an extension by the administration and by others indicated that it might be difficult to extend the delimiting period over a Presidential veto. Second, I noted that, in any event, there was insufficient funds provided in the first concurrent resolution on the budget to permit such an extension. Such remains the case. Nevertheless, I want my colleagues to know that if it is the clear and unmistaken expression of the will of Congress to exceed and increase the amount of moneys provided to veterans' benefits and services in the first concurrent resolution for that purpose, then the committee would be in a position to consider proposals to extend the delimiting date. I must observe, however, that this will require a reversal of the earlier position of the Senate which voted during consideration of the first concurrent resolution 53 to 21 to table the amendment offered by Senator Cranston and myself to add additional moneys for veterans' benefits and services.

Mr. President, there are also a number of provisions in the measure introduced today which are aimed at preventing or reducing abuses under the GI bill program. If all of these provisions are aimed at preventing or reducing abuses under the GI bill program and if all of these provisions are enacted, we believe that the result will be a reduction in overpayments and, ultimately, cost savings to the Government.

Finally, the amendment introduced today attempts to achieve a reasonable balance between those who would prospectively terminate GI bill benefits and those who would allow the current program to continue. In an attempt to balance legitimate concerns about budgetary expenditures with the many advantages our Nation receives from GI bill expenditures, the amendment offered today would adopt a new post-Vietnam-era veterans' educational and assistance program. This program would require contributions by servicemen. In turn, matching funds, at the rate of $2 for each $1 contributed, will be paid by the Veterans' Administration. The new program will result in reduced future expenditures of GI bill moneys while, at the same time, gleaning many of the benefits which I believe are necessary to assure a viable military force and to continue the important educational investments by our Nation in the youth of our country.

Mr. President, the following is a brief summary of the major provisions of the Veterans' Education and Employment Assistance Act of 1976. Title I of the Veterans' Education and Employment Assistance Act of 1976:

First, increases by 8 percent the subsistence allowance paid disabled veterans pursuing a course of vocational rehabilitation under chapter 31 of title 38, United States Code;

Second, eliminates the current termination date for use by seriously disabled veterans of chapter 31 benefits when it is determined that such veterans are still in need of vocational rehabilitation; and

Third, permits chapter 31 trainees to be trained in Federal agency facilities on the same basis as trainees under the Rehabilitation Act of 1973, thus affording disabled veterans increased opportunities for Federal employment.

Title II of the Veterans' Education and Employment Assistance Act of 1976:

First, increases by 8 percent the educational assistance allowance paid eligible veterans pursuing a program of education—including farm cooperative, elementary and secondary education, and preparatory educational assistance—under chapter 34 of title 38, United States Code;

Second, increases by 8 percent the individualized tutorial assistance allowance authorized for eligible veterans with deficiencies in subjects required as part of an approved program of education;

Third, extends the tutorial assistance program in certain cases to veterans enrolled in institutional or technical courses not leading to a standard college degree;

Fourth, removes the current restriction to undergraduate use of the 9 months of additional benefit entitlement granted in 1974 thus allowing a maximum of 45 months of eligibility for an approved program of education—including graduate work;

Fifth, extends the 10-year delimiting period for use of VA benefits for such periods of time that a veteran is prevented from completing his or her program of education because of a physical or mental disability not the result of the veterans' misconduct;

Sixth, allows maximum entitlement for benefits under chapter 34 for service of less than 18 months if the veteran received a medical discharge because of a service-connected disability;

Seventh, terminates authority for new enrollments in flight training effective October 1, 1976;

Eighth, clarifies, codifies and strengthens certain administrative provisions of the VA educational assistance program to prevent or reduce abuses.

Ninth, extends to all programs of education the requirement that no more than 85 percent of the students enrolled in certain approved courses be in receipt of VA benefits or other Federal grants; and

Tenth, amends the Veterans' student services program to permit completion of a work study agreement even if the veteran ceases to be a full time student.

Title III of the Veterans' Education and Employment Assistance Act of 1976:

First, increases by 8 percent the educational assistance allowance paid survivors of veterans who died of service-connected causes, and dependents of seriously disabled veterans;

Second, extends maximum entitlement to benefits from 36 to 45 months for all persons training under chapter 35;

Third, liberalizes the period of eligibility for use by eligible children of educational assistance benefits under chapter 35; and

Fourth, clarifies, codifies and strengthens certain administrative provisions of the VA educational assistance program to prevent or reduce abuses.

Title IV of the Veterans' Education and Employment Assistance Act of 1976:

First, establishes December 31, 1976, as the terminating date for establishing eligibility for veterans education and training benefits under chapter 34 of title 38, United States Code;

Second, establishes for those men and women entering the Armed Forces on or after January 1, 1977, a new chapter 32 educational program known as Post Vietnam Era Veterans Readjustment Assistance; and

Third, provides that in the event universal military training is reimposed by law that those entering military service after the effective date of such a change in the law shall be eligible for chapter 34 educational benefits.

Title V of the Veterans' Education and Employment Assistance Act of 1976:

First, increases by 8 percent the monthly training assistance allowance paid to eligible veterans or persons pursuing a full program of apprenticeship or other on-job training and provides similar increases for those pursuing a program of education by correspondence;

Second, increases from $600 to $1,200 the maximum annual VA educational loan available for eligible veterans, survivors and dependents;

Third, amends the VA educational loan program to provide that interest charges on such loans shall be comparable to, but shall not exceed those charged students under other federally insured educational loan programs;

Fourth, clarifies, codifies and strengthens certain administrative provisions of the VA educational assistance program to prevent or reduce abuses.

Fifth, permits continued VA payments for intervals between school terms and provides that when a veteran or eligible person transfers from one institution to another, payments are permitted providing that in either event such periods do not exceed 30 days;

Sixth, increases by 8 percent the allowance paid for administrative expenses incurred by State approving agencies in supervising approved educational institutions and further permits in certain cases subcontracting by State agencies;

Seventh, increases by $2 the reporting fee paid to institutions for each veteran or other eligible person enrolled therein;

Eighth, strengthens and improves the Education Advisory Committee to the Veterans' Administration; and

Ninth, repeals the current 48-month limitation for benefit entitlement to any person eligible and training under more than one VA educational assistance program.

Title VI of the Veterans' Education and Employment Assistance Act of 1976:

First, provides that the Veteran Employment Service within the Department of Labor shall be headed by an Assistant Secretary of Labor for Veteran Employment; and

Second, expands and strengthens the administrative controls to assure that eligible veterans receive satisfactory employment assistance.

Title VII of the Veterans' Education and Employment Assistance Act of 1976:

First, provides that except as otherwise specified all provisions shall become effective on October 1, 1976.

Second, clarifies and strengthens provisions prohibiting the assignment of VA benefits.

In addition to the foregoing, there are a number of technical amendments to chapter 31, 34, 35, and 36 of title 38, United States Code, including the removal of unnecessary and unwarranted gender references. Most of the provisions would become effective on October 1, 1976 as contemplated by the congressional budget process.

Mr. President, during the recess we will seek to receive all appropriate agency comments concerning the amendments proposed in the "Veterans' Education and Employment Assistance Act of 1976". In addition, during this recess period the committee would welcome receiving written comments, with respect to the subjects covered by this amendment, by any interested party. Such comments will be distributed to all committee members as well as made part of the committee's official education hearing record during the 94th Congress. It is my intention that the Subcommittee on Readjustment, Education, and Employment meet in open executive session shortly after the upcoming July recess so that the subcommittee may consider the measure proposed today together with any additional amendments which may be offered by the members. It is my hope that we will be in a position to report a bill to the full Senate for its consideration prior to the August recess.

Mr. President, I ask unanimous consent that the text of the amendment be printed in the Record.

There being no objection, the amendment was ordered to be printed in the Record, as follows:

2897

94th CONGRESS
2d Session

S. 969

IN THE SENATE OF THE UNITED STATES

July 1 (legislative day, June 18), 1976

Referred to the Committee on Veterans' Affairs and ordered to be printed

AMENDMENT

Intended to be proposed by Mr. Hartke (for himself and Mr. Stafford) to S. 969, a bill to amend chapter 34 of title 38, United States Code, to extend the basic educational assistance eligibility for veterans under chapter 34 and for certain dependents under chapter 35 from thirty-six to forty-five months, viz: On page 1, line 3, strike out all after the enacting clause and insert in lieu thereof the following:

That this Act may be cited as the "Veterans Education and Employment Assistance Act of 1976".

Amdt. No. 2005

TITLE I—CHAPTER 31 DISABLED VETERANS VOCATIONAL REHABILITATION RATE AND PROGRAM ADJUSTMENTS

SEC. 101. The table contained in section 1504 (b) of title 38, United States Code, is amended to read as follows:

"Column I	Column II	Column III	Column IV	Column V
Type of training	No dependents	One dependent	Two dependents	More than two dependents
				The amount in column IV, plus the following for each dependent in excess of two:
Institutional:				
Full-time	$226	$280	$329	$24
Three-quarter-time	170	210	247	18
Half-time	113	140	165	12
Farm cooperative, apprentice, or other on-job training:				
Full-time	197	238	275	18".

SEC. 102. Section 1503 (c) of title 38, United States Code, is amended by striking out ", but not beyond ten years after such termination date, or June 30, 1975, whichever date is the later." and inserting in lieu thereof "when this is determined by the Administrator to be necessary for such veteran based upon the veteran's disability and need for vocational rehabilitation.".

SEC. 103. Section 1511 of title 38, United States Code, is amended by adding at the end thereof the following: "Notwithstanding any other provision of law, the facilities of any agency of the United States, as designated in clause (3) of this section, may be used to provide unpaid training or work experience as part or all of a veteran's program of vocational rehabilitation when the Administrator determines this to be necessary to accomplish vocational rehabilitation. While pursuing such training, an uncompensated veteran shall be deemed an employee of the United States for the purposes of the benefits of chapter 81 of title 5 but not for the purposes of laws administered by the Civil Service Commission.".

SEC. 104. Chapter 31 of title 38, United States Code, is amended—

(1) by striking out in section 1502 (b) "him" and inserting in lieu thereof "the veteran";

(2) by striking out in subsections (a) and (b) of section 1503 "his", "he", and "him" each time they appear and inserting in lieu thereof "the veteran's", "the veteran", and "the veteran", respectively;

(3) by striking out in section 1503 (c) "him" and "he" each time they appear and inserting in lieu thereof "the veteran" and by striking out "his" the first and

second time it appears and inserting in lieu thereof "the veteran's" and "the veteran", respectively;

(4) by striking out in subsections (a) and (c) of section 1504 "his" and "him" each time they appear and inserting in lieu thereof "the veteran's" and "the employer", respectively;

(5) by striking out in section 1505 "he" and "his" each time they appear and inserting in lieu thereof "the Administrator" and "the veteran's", respectively;

(6) by striking out in section 1507 "him" and inserting in lieu thereof "the Administrator";

(7) by striking out in section 1508 "he" and inserting in lieu thereof "the Administrator";

(8) by striking out in section 1509 (a) "him", "his", and "he" each time they appear and inserting in lieu thereof "the veteran", "the veteran's", and "the veteran", respectively;

(9) by striking out in section 1509 (b) "he" and inserting in lieu thereof "the Administrator";

(10) by striking out in section 1510 "he" each time it appears and inserting in lieu thereof "such person"; and

(11) by striking out in section 1511 "he" and inserting in lieu thereof "the Administrator".

TITLE II—VETERANS EDUCATION RATE AND PROGRAM ADJUSTMENTS

SEC. 201. Chapter 34 of title 38, United States Code, is amended—

(1) by amending the table contained in paragraph (1) of section 1682 (a) to read as follows:

"Column I	Column II	Column III	Column IV	Column V
Type of program	No dependents	One dependent	Two dependents	More than two dependents
				The amount in column IV, plus the following for each dependent in excess of two:
Institutional:				
Full-time	$292	$347	$396	$24
Three-quarter-time	219	260	297	18
Half-time	146	174	198	12
Cooperative	235	276	313	18";

(2) by striking out in section 1682 (b) "$270" and inserting in lieu thereof "$292";

(3) by amending the table contained in paragraph (2) of section 1682 (c) to read as follows:

"Column I	Column II	Column III	Column IV	Column V
Basis	No dependents	One dependent	Two dependents	More than two dependents
				The amount in column IV, plus the following for each dependent in excess of two:
Full-time	$235	$276	$313	$18
Three-quarter-time	176	207	235	14
Half-time	118	138	157	9";

and

(4) by striking out in section 1696 (b) "$270" and inserting in lieu thereof "$292".

SEC. 202. Section 1652 of title 38, United States Code, is amended by adding at the end thereof the following new subsections:

"(f) For the purposes of this chapter and chapter 36 of this title, the term 'institution of higher learning' means a college, university, or similar institution offering postsecondary level academic instruction that leads to an associate or higher degree or a technical or business school empowered by the appropriate State education authority under State law to grant an associate or higher degree. Such term shall also include a hospital offering educational programs at the postsecondary level without regard to whether the hospital grants a postsecondary degree.

"(g) For the purposes of this chapter and chapter 36 of this title, the term 'standard college degree' means an associate or higher degree awarded by (1) an institution of higher learning that is accredited as a collegiate institution by a recognized accrediting agency; or (2) an institution of higher learning that is a 'candidate' for accreditation; or (3) an institution of higher learning upon completion of a course which is accredited by an agency recognized to accredit specialized degree-level programs. The accrediting agency must be one recognized by the Commissioner of Education under the provisions of section 1775 of this title.".

SEC. 203. Section 1661 of title 38, United States Code, is amended—

(1) by striking out in the second sentence of subsection (a) all after "period of" the second time it appears and inserting in lieu thereof "45 months (or the

equivalent thereof in part-time educational assistance).";

(2) by inserting in subsection (a) "or served for a period of less than 18 months after such date and received medical discharge because of service-connected disabilities," after "active duty obligation,"; and

(3) by amending subsection (c) to read as follows:

"(c) Except as provided in subsection (b) and in subchapters V and VI of this chapter, no eligible veteran shall receive educational assistance under this chapter in excess of 45 months.".

SEC. 204. Section 1662(a) of title 38, United States Code, is amended by inserting immediately before the period at the end thereof the following: "; except that in the case of any eligible veteran who was prevented from initiating or completing such veteran's program of education within such time period because of a physical or mental disability which was not the result of such veteran's own misconduct, such veteran shall, upon application, be granted an extension of delimiting period for such length of time as the Administrator determines, from the evidence, that such veteran was prevented from initiating or completing a program of education.".

SEC. 205. (a) Chapter 34 of title 38, United States Code, is amended—

(1) by striking out in section 1662(c) "or flight

training within the provisions of section 1677 of this chapter.";

(2) by striking out in section 1673 (b) "Except as provided in section 1677 of this title, the" and inserting in lieu thereof "The";

(3) by striking out section 1677 in its entirety;

(4) by striking out in section 1681 (b) "or a program of flight training.";

(5) by striking out section 1681 (c);

(6) by striking out the center heading which immediately precedes section 1681 (c); and

(7) by striking out in section 1682 (a) (1) "1677 or".

(b) The table of sections at the beginning of chapter 34 of title 38, United States Code, is amended by striking out:

"1677. Flight training.".

(c) Chapter 36 of title 38, United States Code, is amended—

(1) by striking out in section 1780 (a) "or a program of flight training."; and

(2) by striking out in section 1798 (c) "flight,".

(d) Notwithstanding the provisions of this section, any eligible veteran pursuing a program of flight training under the authority of section 1677 of chapter 34 of title 38, United States Code, on the day before the effective date of this Act, shall be permitted to continue to pursue such program through completion of the authorized objective if continuously enrolled.

SEC. 206. Section 1673 of title 38, United States Code, is amended—

(1) by striking out at the end of subsection (a) (2) "or";

(2) by striking out the period at the end of subsection (a) (3) and inserting in lieu thereof "; or";

(3) by adding at the end of subsection (a) a new clause (4) as follows:

"(4) any independent study program except one leading to a standard college degree."; and

(4) by amending subsection (d) to read as follows:

"(d) The Administrator shall not approve the enrollment of any eligible veteran, not already enrolled, in any course (other than one offered pursuant to subchapter V or subchapter VI of this chapter or any farm cooperative training course) for any period during which the Administrator finds that more than 85 per centum of the students enrolled in the course are having all of their tuition, fees, or other charges paid to or for them by the educational institution or by grants from any Federal agency.".

SEC. 207. Section 1674 of title 38, United States Code, is amended by inserting immediately after the first sentence thereof the following: "Progress will be considered unsatisfactory at any time the eligible veteran is not progressing at a rate that will permit such veteran to graduate within the approved length of the course based on the training time as certified to the Veterans' Administration unless the Administrator finds there are mitigating circumstances.".

SEC. 208. Section 1682 of title 38, United States Code, is amended by adding a new subsection (e) at the end thereof as follows:

"(e) The educational assistance allowance of an eligible veteran pursuing an independent study program which leads to a standard college degree shall be computed at the rate provided in subsection (b) (2) of this section. In those cases where independent study is combined with resident training and the resident training constitutes the major portion of such training, the maximum allowance may not exceed the full-time institutional allowance provided under subsection (a) (1) of this section.".

SEC. 209. Section 1685 (b) of title 38, United States Code, is amended by adding at the end thereof the following: "In the event the veteran ceases to be a full-time student before completing such agreement, the veteran may, with the approval of the Administrator, be permitted to complete such agreement.".

SEC. 210. Section 1692 of title 38, United States Code, is amended—

(1) by adding at the end of subsection (a) thereof the following: "A veteran enrolled in and pursuing an institutional or technical course not leading to a standard college degree, who has not received a high school diploma or equivalency certificate, may, subject to such regulations as the Administrator shall prescribe, be entitled to receive tutorial assistance. Such assistance shall be limited to the academic portions of such a course and may not be granted in connection with the laboratory or shop portions or to any courses provided under section 1691 or section 1695 of this title."; and

(2) by striking out in subsection (b) "$60" and "$720" and inserting in lieu thereof "$65" and "$780", respectively.

SEC. 211. (a) Chapter 34 of title 38, United States Code, is amended—

(1) by striking out in section 1652(e) "United States Code,";

(2) by striking out in subsections (a) and (b) of section 1681 "section 1780" and inserting in lieu thereof "chapter 36";

(3) by redesignating section 1697A as section 1698; and

(4) by striking out in the table of sections at the beginning of such chapter "1697A" and inserting in lieu thereof "1698.".

SEC. 212. Chapter 34 of title 38, United States Code, is amended—

(1) by striking out in subsections (a) and (d) of section 1652 "he" and "wife" each time they appear and inserting in lieu thereof "such individual" and "spouse", respectively;

(2) by striking out in section 1661(a) "his" and "he" each time they appear and inserting in lieu thereof "the veteran's" and "the veteran", respectively;

(3) by striking out in subsections (a), (b), and (d) of section 1662 "his" and "he" each time they appear and inserting in lieu thereof "the veteran's" and "the veteran", respectively;

(4) by striking out in section 1663 "he" each time it appears and inserting in lieu thereof "the Administrator";

(5) by striking out in section 1670 "him" each time it appears and inserting in lieu thereof "the veteran";

(6) by striking out in section 1671 "he" the first time it appears and inserting in lieu thereof "the Administrator", by striking out "he" the second time it appears and inserting in lieu thereof "the veteran or person", and by striking out "his" each time it appears and inserting in lieu thereof "the veteran's or person's";

(7) by striking out in section 1673 (a) "he" and "his" each time they appear and inserting in lieu thereof "the Administrator" and "the veteran's", respectively;

(8) by striking out in section 1674 "his" and "he" each time they appear and inserting in lieu thereof "the veteran's" and "the Administrator", respectively;

(9) by striking out in section 1676 "his" and "he" each time they appear and inserting in lieu thereof "the Administrator's" and "the Administrator", respectively;

(10) by striking out in section 1681 (a) "his" and inserting in lieu thereof "the veteran's";

(11) by striking out in section 1685 (c) "he" and "his" each time they appear and inserting in lieu thereof "the Administrator" and "the veteran's", respectively;

(12) by striking out in section 1691 (a) "his" and "he" each time they appear and inserting in lieu thereof "the veteran's" and "the veteran", respectively;

(13) by striking out in section 1696 (a) "he" and inserting in lieu thereof "the Administrator"; and

(14) by striking out in subsections (a) and (b) of section 1698 (as redesignated by section 211 (a) (3) of this Act) "he" and "his" each time they appear and inserting in lieu thereof "the Administrator" and "such person's", respectively.

TITLE III—CHAPTER 35 SURVIVORS' AND DEPENDENTS' EDUCATIONAL ASSISTANCE RATE AND PROGRAM ADJUSTMENTS

SEC. 301. Chapter 35 of title 38, United States Code, is amended—

(1) by striking out in section 1732 (b) "$217" and inserting in lieu thereof "$235"; and

(2) by amending subsection (a) of section 1742 to read as follows:

"(a) While the eligible person is enrolled in and pursuing a full-time course of special restorative training, the parent or guardian shall be entitled to receive on behalf of such person a special training allowance computed at the basic rate of $292 per month. If the charges for tuition and fees applicable to any such course are more than $92 per calendar month, the basic monthly allowance may be increased by the amount that such charges exceed $92 a month, upon election by the parent or guardian of the eligible person to have such person's period of entitlement reduced by one day for each $9.76 that the special training allowance paid exceeds the basic monthly allowance.".

SEC. 302. Section 1701(a) of title 38, United States Code, is amended by adding at the end thereof the following new paragraphs:

"(10) For the purposes of this chapter and chapter 36 of this title, the term 'institution of higher learning' means a college, university, or similar institution offering postsecondary level academic instruction that leads to an associate or higher degree or a technical or business school empowered by the appropriate State education authority under State law to grant an associate or higher degree. Such term shall also include a hospital offering educational programs at the postsecondary level without regard to whether the hospital grants a postsecondary degree.

"(11) For the purposes of this chapter and chapter 36 of this title, the term 'standard college degree' means an associate or higher degree awarded by (A) an institution of higher learning that is accredited as a collegiate institution by a recognized accrediting agency; or (B) an institution of higher learning that is a 'candidate' for accreditation; or (C) an institution of higher learning upon completion of a course which is accredited by an agency recognized to accredit specialized degree-level programs. The accrediting agency must be one recognized by the Commissioner of Education under the provisions of section 1775 of this title.".

SEC. 303. Section 1711 of title 38, United States Code, is amended—

(1) by striking out in subsection (a) "thirty-six" and inserting in lieu thereof "45"; and

(2) by striking out in subsection (b) "nine" and inserting in lieu thereof "12".

SEC. 304. Section 1712 of title 38, United States Code, is amended—

(1) by striking out in clauses (3) and (4) of subsection (a) "five" each time it appears and inserting in lieu thereof "8";

(2) by amending clause (5) of subsection (a) to read as follows:

"(5) (A) if such person is enrolled in an educational institution regularly operated on the quarter or semester system and such period ends during a quarter or semester, such period shall be extended to the end of the quarter or semester; or

"(B) if such person is enrolled in an educational institution operated on other than a quarter or semester system and such period ends after a major portion of the course is completed, such period shall be extended to the end of the course, or until 12 weeks have expired, whichever first occurs."; and

(3) by repealing subsection (d) and redesignating subsections (e), (f), and (g), as subsections (d), (e), and (f), respectively.

SEC. 305. Section 1713 of title 38, United States Code, is amended to read as follows:

"The parent or guardian of a person (or the eligible person if such person has attained legal majority) for whom educational assistance is sought under this chapter shall submit an application to the Administrator which shall be in such form and contain such information as the Administrator shall prescribe. If the Administrator finds that the person on whose behalf the application is submitted is an eligible person, the Administrator shall approve the application provisionally. The Administrator shall notify the parent or guardian or eligible person (if the person has attained legal majority) of the provisional approval, or of the disapproval of the application.".

SEC. 306. Section 1723 (a) of title 38, United States Code, is amended—

(1) by striking out at the end of clause (2) "or";

(2) by striking out at the end of clause (3) the period and inserting in lieu thereof "; or"; and

(3) by adding at the end thereof a new clause (4) as follows:

"(4) any independent study program except one leading to a standard college degree.".

SEC. 307. Section 1724 of title 38, United States Code, is amended by inserting immediately after the first sentence thereof the following: "Progress will be considered unsatisfactory at any time an eligible person is not progressing at a rate that will permit such person to graduate within the approved length of the course based on the training time as certified to the Veterans' Administration unless the Administrator finds there are mitigating circumstances.".

SEC. 308. Section 1732 (c) of title 38, United States Code, is amended by adding a new paragraph (3) at the end thereof as follows:

"(3) The monthly educational assistance allowance to be paid on behalf of an eligible person pursuing an independent study program which leads to a standard college degree shall be computed at the rate prescribed in section 1682 (c) of this title.".

SEC. 309. (a) The title of chapter 35 of title 38, United States Code, is amended by striking out

"CHAPTER 35—WAR ORPHANS' AND WIDOWS' EDUCATIONAL ASSISTANCE"

and inserting in lieu thereof

"CHAPTER 35—SURVIVORS' AND DEPENDENTS' EDUCATIONAL ASSISTANCE".

(b) The table of chapters at the beginning of title 38, United States Code, and the table of chapters at the beginning of part III of such title are each amended by striking out

"35. War Orphans' and Widows' Educational Assistance ...... 1700"

and inserting in lieu thereof

"35. Survivors' and Dependents' Educational Assistance .... 1700".

(c) Section 1731 (a) is amended by striking out "section 1780" and inserting in lieu thereof "chapter 36".

SEC. 310. Chapter 35 of title 38, United States Code, is amended—

(1) by striking out in section 1700 "widows", "wives", and "his" each time they appear and inserting in lieu thereof "surviving spouses", "spouses", and "the veteran's", respectively;

(2) by striking out in section 1701 (a) "widow" and "wife" each time they appear and inserting in lieu thereof "surviving spouse" and "spouse", respectively;

(3) by striking out in section 1701 (b) "his" and

inserting in lieu thereof "the person's" and by striking out "himself";

(4) by striking out in section 1701 (c) "his" each time it appears and inserting in lieu thereof "such person's" and by striking out "himself";

(5) by striking out in section 1701 (d) "he" each time it appears and inserting in lieu thereof "such person";

(6) by striking out in section 1711 (b) "she" the first time it appears and inserting in lieu thereof "the spouse", by striking out "her" each time it appears and inserting in lieu thereof "such person's", and by striking out "he or she" each time it appears and inserting in lieu thereof "such person";

(7) by striking out in section 1712 (a) "him", "his", and "he" each time they appear and inserting in lieu thereof "the person", "the person's", and "the person", respectively;

(8) by striking out in section 1712 (c) "him", "he", "his" each time they appear and inserting in lieu thereof "such person", "such person", and "such person's", respectively;

(9) by striking out in subsections (e) and (f) of section 1712 (as redesignated by section 304 (3) of this

Act) "her" and "he" each time they appear and inserting in lieu thereof "the" and "such person", respectively;

(10) by striking out in section 1720 (a) "his" each time it appears and inserting in lieu thereof "such person's";

(11) by striking out in section 1721 "he" and inserting in lieu thereof "the Administrator";

(12) by striking out in section 1723 (a) "he" and "his" each time they appear and inserting in lieu thereof "the Administrator" and "the person's", respectively;

(13) by striking out in section 1723 (c) "his" and "he" each time they appear and inserting in lieu thereof "the Administrator's" and "the Administrator", respectively;

(14) by striking out in section 1723 (d) "his" each time it appears and inserting in lieu thereof "such person's";

(15) by striking out in section 1724 "he" the first time it appears and inserting in lieu thereof "such person", by striking out "his" each time it appears and inserting in lieu thereof "the person's", and by striking out "he" the second time it appears and inserting in lieu thereof "the Administrator";

(16) by striking out in section 1731 (b) "his" and

"he" each time they appear and inserting in lieu thereof "the person's" and "the person", respectively;

(17) by striking out in section 1733 (a) "wife or widow" and "she" and inserting in lieu thereof "spouse or surviving spouse" and "such spouse", respectively;

(18) by striking out in section 1733 (b) "he" and inserting in lieu thereof "such person";

(19) by striking out in section 1734 (b) "wife or widow" and inserting in lieu thereof "spouse or surviving spouse";

(20) by striking out in section 1736 "he" and inserting in lieu thereof "the Administrator";

(21) by striking out in section 1741 (b) "he" and inserting in lieu thereof "the Administrator";

(22) by striking out in subsections (a) and (b) of section 1743 "his" and "he" each time they appear and inserting in lieu thereof "the Administrator's" and "the Administrator", respectively;

(23) by striking out in section 1761 (a) "he" and inserting in lieu thereof "the Administrator"; and

(24) by striking out in section 1763 "his" and inserting in lieu thereof "such person's".

TITLE IV—POST-VIETNAM ERA VETERANS' READJUSTMENT ASSISTANCE ACT

SEC. 401. This title may be cited as the "Post-Vietnam Era Veterans' Readjustment Assistance Act of 1977".

SEC. 402. Section 1652 of title 38, United States Code, is amended—

(1) by amending paragraph (1) of subsection (a) to read as follows:

"(1) The term 'eligible veteran' means any veteran who—

"(A) served on active duty for a period of more than 180 days, any part of which occurred after January 31, 1955, and before January 1, 1977; or

"(B) contracted with the Armed Forces and was enlisted in or assigned to a reserve component prior to January 1, 1977, and as a result of such enlistment of assignment served on active duty for a period of more than 180 days, any part of which commenced within 12 months after January 1, 1977, and was discharged or released from such active duty under conditions other than dishonorable; or

"(C) was discharged or released from active duty, any part of which was performed after January 31, 1955, and before January 1, 1977, or following entrance into active service from an enlistment provided for under clause (B) of this paragraph, because of a service-connected disability."; and

(2) by inserting in subsection (a) (2) "or (B)" after "paragraph (1) (A)".

Sec. 403. Section 1661 (a) of title 38, United States Code, is amended—

(1) by striking out the period at the end of the first sentence and inserting in lieu thereof a comma and "and before January 1, 1977.";

(2) by inserting in the second sentence "and before January 1, 1977," after "January 31, 1955,"; and

(3) by adding at the end thereof a new sentence as follows: "In the case of any person serving on active duty on December 31, 1976, or a person whose eligibility is based on section 1652 (a) (1) (B) of this chapter, the ending date for computing such person's entitlement shall be the date of such person's first discharge or release from active duty after December 31, 1976.".

Sec. 404. Part III of title 38, United States Code, is amended by inserting immediately after chapter 31 of such title a new chapter as follows:

"CHAPTER 32—POST-VIETNAM ERA VETERANS' READJUSTMENT ASSISTANCE

"SUBCHAPTER I—PURPOSES; DEFINITIONS

"Sec.
"1601. Purpose.
"1602. Definitions.

"SUBCHAPTER II—ELIGIBILITY; MATCHING FUND

"1621. Eligibility.
"1622. Contributions; matching fund.
"1623. Refunds of contributions upon disenrollment.
"1624. Death of participant.
"1625. Release or discharge under conditions which would bar use of benefits.

"SUBCHAPTER III—ENTITLEMENT; DURATION

"1631. Entitlement; loan eligibility.
"1632. Duration; limitations.

"SUBCHAPTER IV—ADMINISTRATION

"1641. Requirements.
"1642. Outreach efforts.
"1643. Outreach reporting requirements.
"1644. Deposits; reports.

"Subchapter I—Purpose; Definitions

"§ 1601. Purpose

"It is the purpose of this chapter (1) to provide educational assistance to those men and women who enter the Armed Forces after December 31, 1976, (2) to assist young men and women in obtaining an education they might not otherwise be able to afford, and (3) to promote and assist the all volunteer military program of the United States by attracting qualified men and women to serve in the Armed Forces.

"§ 1602. Definitions

"For the purposes of this chapter—

"(1) (A) The term 'eligible veteran' means any veteran who (i) entered military service on or after January 1, 1977, served on active duty for a period of more than 180 days after such date, and was discharged or released therefrom under conditions other than dishonorable, or (ii) entered military service on or after January 1, 1977, and was discharged or released from active duty after such date for a service-connected disability.

"(B) For the purposes of paragraph (1) (A), the term 'active duty' does not include any period during which an individual (i) was assigned full time by the Armed Forces to a civilian institution for a course of education which was substantially the same as established courses offered to civilians, (ii) served as a cadet or midshipman at one of the service academies, or (iii) served under the provisions of section 511 (d) of title 10 pursuant to an enlistment in the Army National Guard or the Air National Guard or as reserve for service in the Army Reserve, Naval Reserve, Air Force Reserve, Marine Corps Reserve, or Coast Guard Reserve.

"(2) The terms 'program of education' and 'educational institution' shall have the same meaning ascribed to them in sections 1652(b) and 1652(c), respectively, of this title.

"(3) The term 'participant' is a person who is participating in the educational benefits program established under this chapter.

"Subchapter II—Eligibility; Matching Funds

"§ 1621. Eligibility

"(a) Each person entering military service on or after January 1, 1977, shall have the right to enroll in the educational benefits program provided by this chapter (hereinafter in this chapter referred to as the 'program' except where the text indicates otherwise) at any time during such person's service on active duty. When a person elects to enroll in the program such person must participate for at least 12 consecutive months before disenrolling or suspending participation.

"(b) The requirement for 12 consecutive months of participation required by subsection (a) of this section shall not apply when (1) the participant suspends participation or disenrolls from the program because of personal hardship as defined in regulations issued jointly by the Administrator and the Secretary of Defense (hereinafter in this chapter referred to as the 'Secretary'), or (2) the participant is discharged or released from active duty.

"(c) A participant shall be permitted to suspend participation or disenroll from the program at the end of any 12-consecutive-month period of participation. If participation is suspended, the participant shall be eligible to make additional contributions to the program under such terms and conditions as shall be prescribed by regulations issued jointly by the Administrator and the Secretary.

"(d) If a participant disenrolls from the program, such participant forfeits any entitlement to benefits under the program except as provided in subsection (e) of this section. A participant who disenrolls from the program is eligible for a refund of such participant's contributions as provided in section 1623 of this title.

"(e) A participant who has disenrolled may be permitted to reenroll in the program under such conditions as shall be prescribed jointly by the Administrator and the Secretary.

"§ 1622. Contributions; matching fund

"(a) Each person electing to participate in the program shall agree to have a monthly deduction made from such person's military pay. Such monthly deduction shall be in any amount not less than $50 nor more than $75 except that the amount must be divisible by 5. Any such amount contributed by the participant or contributed by the Secretary pursuant to subsection (c) of this section shall be deposited in a special educational funding account (hereinafter in this chapter referred to as the 'fund') to be established in the Treasury of the United States. Contributions made by the participant shall be limited to a maximum of $2,700.

"(b) Except as otherwise provided in this chapter, each monthly contribution made by a participant under subsection (a) shall entitle the participant to matching funds from the Veterans' Administration at the rate of $2 for each $1 contributed by the participant.

"(c) The Secretary is authorized to contribute to the fund of any participant such contributions as the Secretary deems necessary or appropriate to encourage persons to enter the Armed Forces. The Secretary is authorized to issue such rules and regulations as the Secretary deems necessary or appropriate to implement the provisions of this subsection.

"§ 1623. Refunds of contributions upon disenrollment

"(a) Contributions made to the program by a participant may be refunded only after the participant has disenrolled from the program or as provided in section 1624.

"(b) If a participant disenrolls from the program prior to release or discharge from active duty, such participant's contributions will be refunded on the date of the participant's release or discharge from active duty or within 60 days of disenrollment, whichever is later, except that refunds may be made earlier in instances of hardship or other good reason as prescribed in regulations issued jointly by the Administrator and the Secretary.

"(c) If a participant disenrolls from the program after release or discharge from active duty, the participant's contributions shall be refunded within 60 days of disenrollment.

"§ 1624. Death of participant

"(a) If a participant dies while still on active duty, the amount of such participant's contributions to the fund shall be paid (1) to the beneficiary or beneficiaries designated by such participant under such participant's Servicemen's Group Life Insurance policy, or (2) to the participant's estate if no beneficiary has been designated under such policy or if the participant is not insured under the Servicemen's Group Life Insurance program.

"(b) If a participant dies after having been discharged or released from active duty and before using any or all of the contributions which the participant made to the fund, such unused contributions shall be paid as prescribed in subsection (a) of this section.

"§ 1625. Release or discharge under conditions which would bar the use of benefits

"If a participant in the program is discharged or released from active duty under conditions which would bar the use of benefits provided by this chapter, such participant is automatically disenrolled and any contributions made by such participant shall be refunded to such participant on the date of such participant's discharge or release from active duty or within 60 days thereafter.

"Subchapter III—Entitlement; Duration

"§ 1631. Entitlement; loan eligibility

"(a) (1) A participant shall be entitled to a maximum of 36 monthly benefit payments (or their equivalent in the event of part-time benefit payments).

"(2) The amount of each monthly payment to which any eligible veteran is entitled shall be ascertained by (A) adding all contributions made to the fund by the eligible veteran, (B) multiplying the quotient by 3, (C) adding all contributions made to the fund by the Secretary, and (D) dividing the sum by the lesser of 36 or the number of months in which contributions were made by such veteran.

"(3) Payment of benefits under this chapter may be made only after an eligible veteran has been discharged or released from active duty and only for such periods of time during which the eligible veteran is actually enrolled in and pursuing an approved program of education. Benefits payable under this chapter may not be assigned.

"(b) Any member of the Armed Forces participating in the program shall be eligible to participate in the Predischarge Education Program (PREP) authorized by subchapter VI of chapter 34 of this title.

"(c) In the case of a participant pursuing a program of education under this chapter by correspondence, such participant's entitlement shall be charged at the rate of 1 month's entitlement for each month of benefits paid to the participant (computed on the basis of the formula provided in subsection (a) (2) of this section).

"(d) Eligible veterans participating in the program shall be eligible for education loans authorized by subchapter III of chapter 36 of this title in such amounts and on the same terms and conditions as provided in such subchapter, except that the term 'eligible veteran' as used in such subchapter shall be deemed to include 'eligible veteran' as defined in this chapter.

"§ 1632. Duration; limitations

"No educational assistance may be afforded an eligible veteran under this chapter beyond the date 10 years after such veteran's last discharge or release from active duty. In the event an eligible veteran has not utilized any or all of such veteran's entitlement by the end of the 10-year period, such eligible veteran is automatically disenrolled and any contributions made by such veteran remaining in the fund shall be refunded to the veteran following notice to the veteran and an application by the veteran for such refund.

"Subchapter IV—Administration

"§ 1641. Requirements

"The provisions of the sections 1663, 1670, 1671, 1673, 1674, 1676, 1683, 1685, 1695, 1696, 1697, and 1698 (as redesignated by section 211 (a) (3) of this Act) of this title and the provisions of chapter 36 of this title, with the exception of sections 1777, 1780(c), and 1787, shall be applicable to the program.

"§ 1642. Outreach efforts

"The Administrator shall designate an appropriate official of the Veterans' Administration who shall cooperate with and assist the Secretary (or any official designated by such Secretary as administratively responsible for such matters) in carrying out an effective outreach program to acquaint all persons entering or considering entry into the Armed Forces with the benefits and advantages of the program provided for in this chapter. The outreach program shall be designed to advise and counsel each person entering and each person considering entry into the Armed Forces on or after January 1, 1977, with respect to the benefits and advantages of enrollment in the program.

"§ 1643. Outreach reporting requirements

"The Administrator and the Secretary shall, within 90 days after the date of enactment of this chapter, submit to the Committees on Veteran's Affairs of the Senate and House of Representatives a joint report containing their respective plans for implementation of the program provided for in this chapter. The Administrator and the Secretary shall submit to such committees a report each year detailing the operations of the program during the preceding year. The first such annual report shall be submitted 15 months after the date of enactment of this section.

"§ 1644. Deposits; reports

"Deductions made by the Department of Defense from the military pay of any participant shall be promptly deposited in the fund. The Secretary shall submit to the Administrator a report each month showing the name and serial number of each participant, the amount of the deduction made from the military pay of such participant, the date the contribution was made to the fund, and the name and serial number of each participant who disenrolls or suspends participation in the program. The Administrator shall maintain accounts showing contributions made to the fund by individual participants as well as disbursements made from the fund in the form of benefits.".

SEC. 405. The table of chapters at the beginning of title 38, United States Code, and the table of chapters at the beginning of part III of such title are each amended by inserting immediately below

"31. VOCATIONAL REHABILITATION........................... 1501" the following:

“32. Post-Vietnam Era Veterans' Readjustment Assistance__ 1601”.

Sec. 406. The provisions of this title shall become effective on January 1, 1977.

Sec. 407. In the event that universal military training is reimposed by law—

(a) any individual entering military service on or after the effective date of such law shall be eligible to accrue entitlement to the benefits provided by chapter 34 of title 38, United States Code, but shall not be eligible under the provisions of chapter 32 of such title (provided in section 404 of this Act); and

(b) any veteran eligible under the provisions of chapter 32 of such title (provided in section 404 of this Act), shall have the right to elect to (1) remain under the provisions of chapter 34 of title 38. In the event the eligible veteran elects to come under the provisions of chapter 34, such veteran shall be deemed to have disenrolled under chapter 32, and such veteran's contribution to the matching fund shall be refunded as provided in such chapter. In the event the veteran elects to come under the provisions of chapter 34, such veteran's eligibility for benefits under such chapter shall accrue from the effective date that universal training is reimposed by law.

TITLE V—CHAPTER 36 EDUCATION LOAN AND PROGRAM ADMINISTRATION AMENDMENTS

SEC. 501. Chapter 36 of title 38, United States Code, is amended—

(1) by striking out in section 1786 (a) (2) "$270" and inserting in lieu thereof "$292"; and

(2) by amending the table contained in paragraph (1) of section 1787 (b) to read as follows:

"Column I	Column II	Column III	Column IV	Column V
Periods of training	No dependents	One dependent	Two dependents	More than two dependents
				The amount in column IV, plus the following for each dependent in excess of two:
First 6 months....	$212	$238	$260	$11
Second 6 months..	159	185	207	11
Third 6 months...	106	132	154	11
Fourth and any succeeding 6-month periods...	53	79	101	11";

SEC. 502. Subchapter III of chapter 36 of title 38, United States Code, is amended—

(1) by striking out in section 1798 (b) (3) "$270" and "$600" and inserting in lieu thereof "$292" and "$1,200", respectively; and

(2) by amending clause (3) of section 1798(d) to read as follows:

"(3) shall provide that the loan shall bear interest, on the unpaid balance of the loan, at a rate prescribed by the Administrator, at the time the loan was contracted for which rate shall be comparable to the rate of interest charged students at such time on loans insured by the Commissioner of Education, Department of Health, Education, and Welfare, under part B of title IV of the Higher Education Act of 1965, but in no event shall the rate so prescribed by the Administrator exceed the rate charged students on such insured loans, and shall provide that no interest shall accrue prior to the beginning date of repayment; and".

SEC. 503. Section 1774 of title 38, United States Code, is amended—

(1) by adding at the end of subsection (a) thereof the following new sentence: "The Administrator may also reimburse such agencies for work performed by their subcontractors where such work has a direct relationship to the requirements of chapter 34, 35, or 36 of this title, and has had the prior approval of the Administrator."; and

(2) by amending subsection (b) to read as follows:

"(b) The allowance for administrative expenses incurred pursuant to subsection (a) of this section shall be paid in accordance with the following formula:

"Total salary cost remisbursable under this section	Allowable for administrative expense
$5,000 or less	$600.
Over $5,000 but not exceeding $10,000	$1,080.
Over $10,000 but not exceeding $35,000	$1,080 for the first $10,000 plus $1,000 for each additional $5,000 or fraction thereof.
Over $35,000 but not exceeding $40,000	$6,535.
Over $40,000 but not exceeding $75,000	$6,535 for the first $40,000 plus $865 for each additional $5,000 or fraction thereof.
Over $75,000 but not exceeding $80,000	$12,960.
Over $80,000	$12,960 for the first $80,000 plus $755 for each additional $5,000 or fraction thereof.".

SEC. 504. Section 1775 of title 38, United States Code, is amended—

(1) by striking out the period at the end of subsection (a) and inserting in lieu thereof "which must be certified as true and correct in content and policy by an authorized representative of the school. The catalog or bulletin must specifically state its progress requirements for graduation and must include as a minimum the information required by section 1776(b) (6) and (7) of this title."

(2) by inserting at the end of the first sentence of

subsection (b) the following: "and must include as a minimum (except for attendance) the requirements set forth in section 1776 (c) (7) of this title.".

SEC. 505. Section 1780 (a) of title 38, United States Code, is amended—

(1) by striking out at the end of clause (1) "or";

(2) by striking out at the end of clause (2) the period and inserting in lieu thereof ";"; and

(3) by inserting immediately after clause (2) the following new clauses:

"(3) to any eligible veteran or person for auditing a course;

"(4) to any eligible veteran or person for a course for which the grade assigned is not used in computing the requirements for graduation including a course from which the student withdraws unless the Administrator finds there are mitigating circumstances; and

"(5) to any eligible veteran or person for pursuit of the correspondence portion of a combination correspondence-residence course leading to a vocational objective if the correspondence portion is completed in less than 6 months.".

SEC. 506. The last sentence of section 1780 (a) of title 38, United States Code, is amended to read as follows: "Notwithstanding the foregoing, the Administrator may, subject to such regulations as the Administrator shall prescribe, continue to pay allowances to eligible veterans and eligible persons enrolled in courses set forth in clause (1) or (2) of this subsection—

"(A) during periods when the schools are temporarily closed under an established policy based upon an Executive order of the President or due to an emergency situation, and such periods shall not be counted as absences for the purposes of clause (2);

"(B) during periods between consecutive school terms where such veterans or persons transfer from one approved educational institution to another approved educational institution for the purpose of enrolling in and pursuing a similar course at the second institution, provided the period between such consecutive terms shall not exceed 30 days: *And provided further,* That such periods shall be counted as absences for the purposes of clause (2); or

"(C) during periods between a semester, term, or quarter where the educational institution certifies the enrollment of the eligible veteran or eligible person on an individual semester, term, or quarter basis, providing the interval between such periods does not exceed 1 full calendar month and provided further that such periods shall be counted as absences for the purposes of clause (2).".

SEC. 507. Section 1784(a) of title 38, United States Code, is amended by adding at the end thereof the following: "The date of interruption or termination will be the last date of pursuit or in the case of correspondence training the last date a lesson was serviced by the school.".

SEC. 508. Section 1784(b) of title 38, United States Code, is amended by striking out "$3" and "$4" and inserting in lieu thereof "$5" and "$6", respectively.

SEC. 509. Section 1789 of title 38, United States Code, is amended—

(1) by inserting at the end of subsection (b) (3) "or";

(2) by striking out subsection (b) (4);

(3) by redesignating subsection (b) (5) as subsection (b) (4); and

(4) by adding at the end thereof a new subsection (c) as follows:

"(c) Notwithstanding the provisions of subsection (b) (1), (2), and (3) of this section, the provisions of subsection (a) shall apply to any course offered by a branch or extension of—

"(1) a public or other tax-supported institution where the branch or extension is located outside of the area of the taxing jurisdiction providing support to such institution; or

"(2) a proprietary institution where the branch or extension is located beyond the normal commuting distance of such institution.".

SEC. 510. Section 1792 of title 38, United States Code, is amended—

(1) by inserting in the last sentence "on a regular basis" after "shall"; and

(2) by striking out in the last sentence "from time-to-time" and inserting in lieu thereof "which shall meet at least semiannually".

SEC. 511. Subchapter II of chapter 36, United States Code, is amended—

(1) by repealing section 1793; and

(2) by striking out in the table of sections at the beginning of chapter 36 of such title

"1793. Institutions listed by Attorney General.".

SEC. 512. Subchapter II of chapter 36, United States Code, is amended—

(1) by repealing section 1795; and

(2) by striking out in the table of sections at the beginning of chapter 36 of such title

"1795. Limitation on period of assistance under two or more programs.".

SEC. 513. Section 1796 of title 38, United States Code, is amended—

(1) by redesignating subsections (b) and (c) as (c) and (d), respectively; and

(2) by adding new subsection (b) as follows:

"(b) To insure compliance with this section any institution offering courses approved for the enrollment of eligible persons or veterans shall maintain a complete record of all advertising, sales, or enrollment materials (and copies thereof) utilized by the institution during the preceding 12-month period. Such record shall be available for inspection by the State approving agency or the Administrator. Such materials shall include but are not limited to any direct mail pieces, brochures printed literature used by sales persons, films, video tapes and audio tapes disseminated through broadcast media, material disseminated through print media, tear sheets, leaflets, handbills and fliers together with any sales manuals for instructions to salesmen.".

SEC. 514. Chapter 36 of title 38, United States Code, is amended—

(1) by striking out in section 1771 (a) "his" and inserting in lieu thereof "such";

(2) by striking out in section 1775 (a) "he" and inserting in lieu thereof "the Commissioner";

(3) by striking out in subsections (b) and (c) of

section 1777 "he", "him", "his" each time they appear and inserting in lieu thereof "the veteran or person", "the veteran or person", and "such veteran's or person's", respectively;

(4) by striking out in section 1779(b) "his" and inserting in lieu thereof "the Administrator's";

(5) by striking out in subsections (a) and (b) of section 1780 "his", "he", "wife or widow", and "wife's or widow's" each time they appear and inserting in lieu thereof "such veteran's or person's", "the Administrator", "spouse or surviving spouse", and "spouse's or surviving spouse's", respectively;

(6) by striking out in subsections (c) and (d) of section 1780 "his" and "he" each time they appear and inserting in lieu thereof "such veteran's or person's" and "the veteran or person", respectively;

(7) by striking out in section 1780(f) "him" and inserting in lieu thereof "such veteran or person";

(8) by striking out in section 1780(h) "he" the first time it appears and inserting in lieu thereof "the Administrator" and by striking out "he" the second time it appears and inserting in lieu thereof "the veteran or person";

(9) by striking out in section 1781 "him" and inserting in lieu thereof "such person";

(10) by striking out in section 1783 (a) "his" and inserting in lieu thereof "such officers or employees";

(11) by striking out in section 1783 (b) "he" the first time it appears and inserting in lieu thereof "such person" and by striking out "he" the second time it appears and inserting in lieu thereof "the Administrator";

(12) by striking out in section 1783 (d) "he" and inserting in lieu thereof "the Administrator";

(13) by striking out in subsections (a) and (b) of section 1784 "him" each time it appears and inserting in lieu thereof "the Administrator";

(14) by striking out in subsections (a), (b), and (c) of section 1786 "wife and widow" and "his" each time they appear and inserting in lieu thereof "spouse or surviving spouse" and "such veteran's or spouse's", respectively;

(15) by striking out in subsections (a), (b), and (d) of section 1790 "he" each time it appears and inserting in lieu thereof "the Administrator";

(16) by striking out in subsections (a), (b), and (c) of section 1791 "his" and "he" each time they appear and inserting in lieu thereof "the veteran's or person's" and "the Administrator", respectively;

(17) by striking out in section 1794 "his" and inserting in lieu thereof "the Administrator's";

(18) by striking out in section 1796(b) "his" and inserting in lieu thereof "the Administrator's";

(19) by striking out in section 1798(b) "he" and inserting in lieu thereof "the veteran or person"; and

(20) by striking out in subsections (c) and (d) of section 1798 "he" and "his" each time they appear and inserting in lieu thereof "the Administrator" and "the Administrator's", respectively.

TITLE VI—VETERANS' EMPLOYMENT ASSISTANCE PROVISIONS

SEC. 601. (a) Section 2002 of title 38, United States Code, is amended by inserting "by an Assistant Secretary of Labor for Veterans' Employment" after "promulgated and administered".

(b) Chapter 41 of title 38, United States Code, is amended—

(1) by adding after section 2002 a new section as follows:

"§ 2002A. Veterans' Employment Service; Assistant Secretary of Labor for Veterans' Employment

"There is created within the Department of Labor a separate agency to be known as the Veterans' Employment

Service. Such agency shall be headed by an Assistant Secretary of Labor for Veterans' Employment who shall be responsible, subject to the supervision and control of the Secretary of Labor, for carrying out the policies and purposes of this chapter."; and

(2) by amending the table of sections at the beginning of chapter 41 of such title by inserting below

"2002. Purpose."

the following:

"2002A. Veterans' Employment Service; Assistant Secretary of Labor for Veterans' Employment.".

(c) Section 2 of the Act of April 17, 1946, as amended (29 U.S.C. 553), is amended—

(1) by striking out "five" in the first sentence of such section and inserting in lieu thereof "six"; and

(2) by adding at the end thereof a new sentence as follows: "One of such Assistant Secretaries of Labor shall be an Assistant Secretary of Labor for Veterans' Employment.".

(d) Paragraph (20) of section 5315 of title 5, United States Code, is amended by striking out "(5)" and inserting in lieu thereof "(6)".

SEC. 602. Section 2003 of title 38, United States Code, is amended—

(1) by inserting "or by prime sponsors under the

Comprehensive Employment and Training Act" after "programs administered by the Secretary";

(2) by striking out in clause (5) "and";

(3) by redesignating clause (6) as clause (7); and

(4) by inserting new clause (6) as follows:

"(6) promote the participation of veterans in Comprehensive Employment and Training Act programs and monitor the implementation and operation of Comprehensive Employment and Training Act programs to assure that eligible veterans receive special consideration when required; and".

SEC. 603. Section 2006(a) of title 38, United States Code, is amended by inserting in the last sentence "each" after "shall".

SEC. 604. Section 2006(a) of title 38, United States Code, is amended by inserting after "eligible veterans" "eligible persons".

SEC. 605. Section 2007 of title 38, United States Code, is amended—

(1) by striking out in subsection (a) "his" and inserting in lieu thereof "such veteran's and eligible person's";

(2) by inserting in subsection (c) "and public service employment" after "occupational training"; and

(3) by striking out in subsection (c) "or 2006" and inserting in lieu thereof ", 2006, or 2007 (a)".

SEC. 606. Section 2012 of title 38, United States Code, is amended by adding paragraph (c) as follows:

"(c) The Secretary shall include as part of the annual report required by section 2007 (c) of this title the number of complaints filed pursuant to subsection (b) of this section, the actions taken thereon and the resolutions thereof. Such report shall also include the number of contractors listing suitable employment openings, the nature, types, and number of positions listed and the number of veterans receiving priority pursuant to subsection (a) (2) of this section.".

SEC. 607. Chapter 41 of title 38, United States Code is amended—

(1) by striking out in section 2003 "he" and "his" and inserting in lieu thereof "the Secretary" and "such representative's", respectively;

(2) by striking out in section 2004 "his" and inserting in lieu thereof "such representative's" and by inserting "or eligible persons" after "eligible veterans";

(3) by striking out in section 2005 "he" and inserting in lieu thereof "the Secretary"; and

(4) by striking out in section 2008 "his" and "him" and inserting in lieu thereof "the Secretary's" and "the Administrator", respectively.

SEC. 608. Chapter 42 of title 38, United States Code, is amended—

(1) by striking out in section 2011 "his" and inserting in lieu thereof "the person's"; and

(2) by striking out in section 2012 (b) "his" and inserting in lieu thereof "the contractor's".

SEC. 609. Chapter 34 of title 38, United States Code, is amended—

(1) by striking out in section 2021 (a) "his" each time it appears and inserting in lieu thereof "the employer's";

(2) by striking out in section 2021 (b) "his" and "he" and inserting in lieu thereof "the person's" and "the person", respectively; and

(3) by striking out in section 2024 (d) "his" each time it appears and inserting in lieu thereof "such employer's".

TITLE VII—MISCELLANEOUS AND EFFECTIVE DATE

SEC. 701. Section 3101 (a) of title 38, United States Code, is amended by adding at the end thereof the following: "For the purposes of this subsection, in any case where a payee of an educational assistance allowance has designated the address of an attorney-in-fact as the payee's address for the purpose of receiving his or her benefit check and has also executed a power of attorney giving the attorney-in-fact authority to negotiate such benefit check, such action shall be deemed to be an assignment and is prohibited.".

SEC. 702. Except as otherwise provided, the provisions of this Act shall become effective on October 1, 1976.

[No. 120]

COMMITTEE ON VETERANS' AFFAIRS, U.S. SENATE

VETERANS' ADMINISTRATION,
OFFICE OF THE ADMINISTRATOR OF VETERANS' AFFAIRS,
Washington, D.C., July 23, 1976.

Hon. VANCE HARTKE,
Chairman, Committee on Veterans' Affairs,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: This will respond to your request for a report by the Veterans' Administration on Senate Amendment No. 2005, intended as a substitute for the language now contained in S. 969, 94th Congress. The substituted language would be known as the "Veterans' Education and Employment Assistance Act of 1976."

Senate Amendment No. 2005 is a comprehensive proposal, the major provisions of which would (1) increase by 8 percent educational assistance allowance rates for veterans, their dependents and survivors; (2) terminate the current GI bill for most individuals entering the armed services on or after January 1, 1977; (3) enact a new chapter 32 in title 38, establishing a contributory-matching GI bill education program for entrants into the peacetime, All-Volunteer Force on or after January 1, 1977; (4) provide that, should conscription be reinstituted in the future, entrants into the Armed Forces during any period that a draft is in effect will be entitled to education benefits under chapter 34; (5) extend basic educational assistance entitlement for veterans, their dependents and survivors from 36 to 45 months; and (6) create within the Department of Labor a new agency to be known as the Veterans' Employment Service, to be headed by an Assistant Secretary of Labor. In addition, the Amendment includes a number of other provisions, most of which are directed to improving the management of current Veterans' Administration education programs.

The views of the Veterans' Administration on the changes in law proposed in the Amendment are detailed in the enclosed section-by-section analysis. However, we would like to address briefly the major provisions of the Amendment in this letter.

The Veterans' Administration favors the benefit rate increases proposed in the Amendment. We believe that increases in the amount proposed are warranted in view of changes in the costs of training since the last general rate increases authorized in Public Laws 93–508 and 93–602.

We strongly support termination of current education benefits for new entrants into the peacetime, All-Volunteer Force. The primary purpose of all GI bill education programs has been to assist veterans to make the transition from military to civilian life by helping them get the education they might have received had they not served their country in a time of national emergency. The World War II and Korean conflict programs were terminated shortly after the cessation of hostilities. With the official end of the war in Vietnam in May 1975, it is appropriate to terminate the Vietnam-era programs.

We are strongly opposed to the proposed new chapter 32, the stated purpose of which is "(1) to provide educational assistance to those men and women who enter the Armed Forces after December 31, 1976; (2) to assist such individuals in obtaining an education they might not otherwise be able to afford; and (3) aid in attracting qualified men and women into military service." The proposed program reflects a radical—and in our view unjustified—departure from the time-honored practice of providing VA readjustment benefits to those who have suffered a serious disruption in their lives in the course of serving their country. We can see no justification for requiring the Veterans' Administration to fund and administer a program whose stated purpose is to provide educational assistance to individuals who have chosen to enter military service in the same way men and women choose civilian jobs, and to assist the Department of Defense in recruiting.

We would point out that the Federal Government has many programs designed to help individuals, particularly those in financial need, obtain an education. All-Volunteer Force veterans can avail themselves of the numerous, readily available opportunities for educational assistance that now exist. Any educational programs designed to aid All-Volunteer Force recruitment, we would suggest, should be funded by the Department of Defense so that they can be structured to meet the specific needs they are designed to serve, and integrated into an overall recruitment strategy which takes into account other incentives now available, including compensation competitive with that in the civilian sector, programs of inservice education, and special bonuses.

We also oppose the provision which would automatically reinstate chapter 34 benefits should the draft be reimposed. The conditions under which such a step might be taken vary radically, and we think reasoned policy decisions regarding veterans benefits appropriate under a draft can only be made when the circumstances surrounding the decision to reinstitute the draft are known and can be assessed.

It has been the consistent view of the Veterans' Administration that the basic education entitlement period of 36 months, which is sufficient time to complete an undergraduate degree or vocational program, adequately meets the needs the readjustment program is designed to serve. We, therefore, oppose the provision in the Amendment that would grant 45 months of entitlement to all beneficiaries.

Our views on the other provisions of the Amendment, most of which we support, as well as additional details on our views of the provisions discussed above, are in the enclosed analysis. Also enclosed are detailed cost estimates.

We defer to the Department of Labor on the establishment of a new agency to be known as the Veterans' Employment Service, to be headed by an Assistant Secretary of Labor.

We are advised by the Office of Management and Budget that there is no objection to the presentation of this report and that termination of the GI bill for future entrants into the Armed Forces would be in accord with the program of the President.

Sincerely,

Odell W. Vaughn,
Deputy Administrator
(In the absence of
Richard L. Roudebush, Administrator).

Enclosures.

Section-by-Section Analysis of Senate Amendment No. 2005

(SUBSTITUTE FOR S. 969, 94TH CONGRESS)

The first section of the proposal provides that the Act may be cited as the "Veterans Education and Employment Assistance Act of 1976."

TITLE I—CHAPTER 31 DISABLED VETERANS' VOCATIONAL REHABILITATION RATE AND PROGRAM ADJUSTMENTS

Section 101 would amend the table contained in section 1504(b) of title 38 to provide an 8 percent increase in benefits paid to disabled veterans pursuing programs of vocational rehabilitation under chapter 31.

The Veterans' Administration favors benefit rate increases in our vocational rehabilitation and educational training programs. The last general rate change, authorized in Public Law 93–508, effective September 1, 1974, provided an increase of approximately 23 percent for institutional training under chapters 34 and 35, as well as an increase of approximately 18 percent for the other educational programs authorized under chapters 31, 34, 35, and 36. Public Law 93–602, effective January 1, 1975, equalized the rate increase at 23 percent for those beneficiaries not receiving the full increase.

We believe that a rate increase of the amount provided in the proposal would be warranted at this time in view of changes in cost of training since the enactment of Public Laws 93–508 and 93–602 a number of months ago.

The estimated cost of the 8-percent rate increase provided by this section is reflected in the rate increase table which is attached to this analysis.

Section 102 of the proposal would amend section 1503(c) of title 38 to repeal the June 30, 1975, termination date provided in current law for the training of blinded and seriously disabled veterans of World War II and the Korean conflict. In lieu of this date, the proposal would provide discretionary authority for the Administrator to extend entitlement for such periods as he deems appropriate.

We would point out that, as a result of the June 30, 1975, termination date, some seriously disabled veterans then in training were cut off from Veterans' Administration benefits before they had completed the training they needed to regain employability. In addition, seriously disabled veterans of these war periods who have not yet entered training, but who will need training in the years ahead, such as those whose disability has prevented their entrance into training, and those whose service-connected conditions have worsened, would be aided by the proposed change in the law.

The substitution of the discretionary authority will permit the Veterans' Administration to aid these deserving veterans in regaining employability. For these reasons, we favor this section of the proposal.

It is estimated that, if this section of the proposal were to be enacted, it would result in additional direct benefits cost in fiscal year 1977 of $1,600,000 and an additional direct benefits cost for the first 5 fiscal years of $7.4 million. A detailed table setting forth the number of trainees who would be affected and the cost by fiscal year over the next 5 years follows:

[Dollar amounts in millions]

Fiscal year	Trainees	Direct benefits cost
1977	475	$1.6
1978	450	1.6
1979	425	1.5
1980	400	1.4
1981	375	1.3
Total		7.4

Section 103 of the proposal would amend section 1511 of title 38 to permit chapter 31 trainees to be trained in facilities of a Federal agency on an uncompensated basis. While pursuing such training, the veteran would not be considered a Federal employee for the purposes of laws administered by the Civil Service Commission (annual leave, sick leave, retirement, insurance, etc.), but would be considered an employee for the purposes of the benefits of chapter 81 of title 5 (injuries on the job) of the United States Code.

Under the provisions of the Fair Labor Standards Act, chapter 31 trainees may not be utilized as unpaid employees. In the enactment of Public Law 93–112, the "Rehabilitation Act of 1973," the Congress permitted State vocational trainees to be utilized in Federal facilities on an unpaid basis without coverage under the Federal Employees Compensation Act. Under the change proposed here, chapter 31 disabled veterans would have available to them: (a) The same potential training facilities with Federal agencies now granted to State trainees, thus affording them increased opportunity for Federal employment, and (b) coverage under the Federal Employees Compensation Act. We feel that severely disabled veterans in the chapter 31 program should be given the opportunity to prove that they are competent employees without charge to the employing agency, and, therefore, we approve that part of section 103 which would exempt chapter 31 trainees from the purposes of laws administered by the Civil Service Commission. However, since these trainees would not be paid a wage, and are similar in that respect to the State vocational trainees mentioned above, we feel that it is not within the intent of the Federal Employee Compensation Act to provide coverage in that circumstance. Therefore, we do not support that portion of section 103 which would provide coverage under chapter 81 of title 5.

It is estimated that only a small number of chapter 31 trainees would be utilized pursuant to this authority. Therefore, any added cost of this provision would be minimal.

Section 104 would make a number of gender changes in chapter 31 of title 38, and we favor the changes.

TITLE II—VETERANS EDUCATION RATE AND PROGRAM ADJUSTMENTS

Section 201 of the proposal would provide rate increases of approximately 8 percent in many of the educational programs provided under the GI bill.

Clause (1) would amend the table contained in paragraph (1) of section 1682(a) of title 38 to reflect the 8 percent increase in the rates of educational assistance paid to veterans pursuing full-time, three-quarter-time, and half-time institutional training programs and to those veterans pursuing cooperative training. The same increase is included in the added dependency rates paid to veterans with dependents pursuing such types of training.

Clause (2) would amend section 1682(b) to include the 8 percent increase in benefits for servicemen pursuing programs of education under chapter 34 and to those veterans pursuing training on a less than half-time basis.

Clause (3) would amend section 1682(c) to reflect the 8 percent increase in the benefit rates paid to veterans pursuing cooperative training, including dependency allowances.

Clause (4) would amend section 1696(b) to include servicemen pursuing Predischarge Education Program (PREP) courses in the group who would benefit from this increase.

The Veterans' Administration favors an increase in the current educational assistance allowances payable to veterans. Our position in support of the increase is set forth in our discussion of section 101 of this analysis. The cost of the increases provided by this section of the proposal is included in the cost estimate attached to this analysis.

Section 202 would amend section 1652 of title 38 to add new definitions in chapter 34 to define "institution of higher learning" and "standard college degree."

Title 38 does not include these definitions. The result is a broad classification of institutions of higher learning and standard college degree by Federal agencies administering educational programs—to the detriment of veterans. Some institutions are granting their students a document they refer to as a "college degree," even though the document normally would not be recognized by graduate or professional schools. We believe that setting out a definition of "standard college degree" will eliminate many problems now faced by veterans as they venture into employment or future education.

We believe that clarification of the definition of what is an institution of higher learning would assist the Veterans' Administration in its relationships with institutions in the educational community.

For these reasons, we favor the changes proposed to be made by this section of the substitute measure. No additional cost would be involved if this section were to be enacted.

Section 203 would amend section 1661 of title 38 to permit veterans who are basically entitled to 36 months of educational assistance up to 45 months of benefits for pursuit of educational programs without limitation to baccalaureate degree pursuit as presently set forth in the law. It would also permit up to 45 months of assistance for those veterans who served less than 18 months, but who were discharged because of a service-connected disability. Educational assistance under chapter 34, except for PREP and educationally disadvantaged (where no entitlement is charged), would be limited to 45 months.

The Veterans' Administration has consistently taken a position in opposition to any extension of the amount of entitlement granted to veterans. We see no reason at the present to change this posture.

As we have pointed out many times in the past, the primary purpose of the GI bill program has always been to provide assistance designed to aid the veteran who served his country in time of national emergency in readjusting from military to civilian life. It is our view that a basic entitlement period of 36 months, which is sufficient time to complete vocational and 4-year college degree programs, is consistent with the purpose of the program. We would note that under current law, veterans who do not have a high school diploma, or who need refresher, remedial, or deficiency courses to qualify for enrollment in an appropriate educational program, may receive benefits for such pursuits without any charge against their entitlement. In addition, GI bill beneficiaries who require more than 4 years to complete an approved undergraduate program may be granted up to 9 months of additional entitlement. Thus, under current law, veterans who need additional benefits in order to gain their basic educational requirements for employment can receive them. It was not the intent of the GI bill program to take the individual beyond his undergraduate level. Any further extension of entitlement is not consistent with the purpose of the program and would involve substantial costs.

It is estimated that enactment of section 203(1) of the proposal would result in added direct benefits cost of $253.2 million in Fiscal Year 1977 and in added direct benefits cost of $521.4 million over the first 5 fiscal years. A detailed breakdown of these 5-year estimates follows:

[Dollar amounts in millions]

Fiscal year	Trainees	Direct benefits cost
1977	146,500	$253.2
1978	80,000	138.2
1979	29,400	50.8
1980	25,000	43.2
1981	20,800	36.0
Total		521.4

In making these estimates, we have assumed an effective date for this proposal of October 1, 1976, the 8 percent rate increase provided in this substitute proposal, and termination of the GI bill and of flight training as also provided therein. It has also been assumed that 50 percent of those who have exhausted entitlement would reach their delimiting date prior to the time they could benefit from this proposal. Likewise, 36 percent of those terminated would not benefit because of their delimiting date. It was assumed, based on current entitlement usage, that 7 of the 9 months granted would be used; that 10 percent of those terminated and exhausted would benefit (spread over the first two calendar periods eligible); that 3 percent of on-roll trainees (less those affected by termination of the current program) would take advantage of the extension in each fiscal year; and that an average cost of $1,600 would be involved per trainee.

We believe that section 203(2), which would give 45 months of educational assistance to those veterans who serve less than 18 months on active duty and are discharged because of a service-connected disability, is unnecessary. We already provide a vocational rehabilitation program under chapter 31 of title 38 which grants rehabilitation benefits without regard to length of service. Veterans training under this program have all of their educational expenses paid for them—tuition, books, fees, supplies, et cetera—and, in addition, are granted a monthly subsistence allowance. A veteran eligible for such training may receive up to 48 months in benefits and, in certain instances, longer. Thus, we believe that this proposal serves no established need.

Section 204 would amend section 1662(a) of title 38 to provide a limited extension of the current 10-year eligibility period for pursuit of programs of education by veterans. The extension would be limited to those veterans who were prevented from initiating or completing their programs within the 10-year period because of a physical or mental disability not the result of their own misconduct. The extension would be limited to that period of time the veteran was prevented from initiating or completing his program due to the physical or mental disability. The Administrator would be required to make such determination.

While we have stated on numerous occasions that we are opposed to an across-the-board extension of the delimiting date, we believe that consideration should be given to the enactment of a provision which would extend the entitlement of those eligible veterans who, because they were incapacitated, through circumstances beyond their control, have been unable to utilize their potential entitlement. We would recommend, however, that more explicit language concerning the length of time such an individual may receive an extension be set forth in the provision.

We believe that any extension permitted under such a provision would apply to only a limited number of veterans. Any additional cost accruing from a limited extension would, we believe, be fairly minimal.

It should be pointed out that the Administration, in early 1975, recommended legislation which would reduce the 10 year eligibility period to 8 years, the same period of time allowed Korean veterans and which was provided in the original version of the current program. Our recommendation was introduced as S. 817, 94th Congress, which is currently pending before your Committee. We urge that our proposal be given favorable consideration.

Subsection (a) of section 205 of the proposal would amend or repeal various sections of chapter 34 of title 38 with the purpose of terminating eligibility of veterans for pursuit of flight training. Subsection (b) is technical in nature and reflects in the table of sections at the beginning of chapter 34 the repeal of section 1677—the basic flight training authorization section. Subsection (c) would amend two sections in chapter 36 of title 38 to delete references to flight training. Subsection (d) incorporates as savings provision designed to protect the benefits of those veterans enrolled in flight training programs at the time basic eligibility for pursuit of such programs is ended. Veterans enrolled at that time would be permitted to continue pursuit of their programs through completion of the authorized objective provided they remain continuously enrolled during such period of time.

The primary purpose of the GI bill education benefits is to assist veterans in adjusting from military to civilian life by helping them get the education they would have received had they not served their country in time of national emergency. Our years of experience in administering education programs have convinced us that flight training courses have not fulfilled their intended purpose. There is ample evidence that the training does not lead to jobs for the majority of trainees and that the courses tend to serve as avocational, recreational, and/or personal enrichment, rather than basic employment objectives.

Census Bureau figures for 1975 indicate, nationwide, that an average of 60,000 persons earn their living in occupations to which flight training programs are relevant: Pilot, copilot, navigator, flight engineer, mechanic, and flight instructor. Since 1967, more than double that number of flight program trainees—over 120,000—have received GI bill benefits, indicating that many who trained under the GI bill are not employed in occupations related to their flight training.

Of the 600,000 persons working in aviation occupations, approximately one-half are pilots or copilots for commercial airlines, a figure which has remained fairly constant since 1969. We understand that currently there are a large number of furloughed pilots who would be given preference in any hiring by the airlines. Thus, opportunities for employment in commercial aviation for flight school graduates are limited. General aviation opportunities, such as those for flight instructors, tend to be part time. The majority of flight training hours are incurred on weekends, suggesting the veteran is regularly employed during the week. Flight courses are expensive, typically averaging $3,010 to $6,070, and they rapidly use up the veteran's educational entitlement. In addition, the most recent statistics show that only 60 percent of flight students training under the GI bill complete their courses.

For the foregoing reasons, the Veterans' Administration favors the termination of flight training programs under the GI bill.

It is estimated that enactment of this section would result in savings of $11.4 million in fiscal year 1977 and would result in savings of $68.5 million over the first 5 fiscal years. A detailed breakdown of the savings over the first 5 fiscal years, and numbers of trainees affected, follows:

[Dollar amounts in millions]

Fiscal year	Trainees	Cost savings
1977	7,500	$11.4
1978	8,400	12.7
1979	9,500	14.4
1980	9,900	15.0
1981	9,900	15.0
Total		68.5

In estimating these savings, we utilized the estimated number of veterans expected to be in training as of September 30, 1976, the estimated number who would remain in training under the savings provision, and reduced by the number we had already budgeted as going into this form of training, and further reduced by those who would have been in this program of training except for the suspension of chapter 34 benefits for future veterans.

In addition to favoring termination of flight training for the reasons stated above, we would, at the same time, urge the Committee to give favorable consideration to concurrently terminating eligibility for correspondence training for veterans, wives, and widows.

It is our position, based upon our years of experience in administering education programs, that correspondence course training, like flight training, has not fulfilled the intended purpose it is supposed to meet—the providing of training required for basic employment. It is our view that correspondence training is by far the weakest major part of the GI bill, since it does the least for veterans and inservice personnel toward providing vocational readjustment and restoring lost educational opportunities and aiding such persons in attaining the vocational and educational status they might otherwise obtain.

Completion rates for correspondence courses are even lower than those for flight training with the overall completion rate as of December 31, 1974, being only 41.2 percent. This 41.2-percent rate is an average, and includes complex, technical courses with completion rates as low as 5 percent, as well as courses with simple material with completion rates up to 60 percent. Correspondence courses generally are taken by persons who are employed full time, indicating they are being used for purposes other than gaining the education required for basic employment, as intended. It is our belief that Federal assistance for our veterans, wives, and widows should be directed toward institutional training and job training.

We, therefore, urge the Committee to give favorable consideration to the termination of correspondence training programs at the same time flight training programs are to be ended as proposed in S. 3109 which is before your committee.

It is estimated that the cost savings which would result from termination of correspondence training programs would amount to $18.9 million in fiscal year 1977 and would amount to $68.6 million over the first 5 fiscal years. A table showing a breakdown of the estimated savings (in millions) by fiscal year and the number of trainees affected follows:

Fiscal year	Ch. 34 trainees	Ch. 35 trainees	Ch. 34 savings	Ch. 35 savings	Total direct benefit savings
1977	47,400	65	$18.9	$0.016	$18.9
1978	48,800	70	18.7	.017	18.7
1979	41,000	65	15.8	.016	15.8
1980	27,700	60	10.6	.015	10.6
1981	12,000	45	4.6	.011	4.6
5-yr total			68.6	.075	68.6

Administrative savings which would result from termination of the correspondence program are (in millions) as follows:

Fiscal year	Man-year	Administrative savings
1977	43.2	$0.6
1978	42.9	.6
1979	35.9	.5
1980	24.1	.3
1981	10.4	.1
5-year total		2.1

In arriving at these cost savings, we have included the effect of the 8-percent rate increase provided by this substitute proposal.

Section 206 would amend section 1673 of title 38 to effectuate changes dealing with independent study programs and the so-called 85–15 rules.

The first of these changes would amend section 1673(a) to add a new clause (4) to bar approval of the enrollment of veterans in any independent study program except one leading to a standard college degree.

We would point out that, at the time the current GI bill program was enacted in 1966, the concept of independent study was not specifically considered by the Congress. Although this form of study has been available at some universities for a number of years, it has not, until recently, presented problems that could not be handled through regulatory processes. For example, the Veterans' Administration paid benefits at the resident rate for this type of training from 1967 to December 1974.

In December 1974, however, because of abuses of the program which came to light, the concept of payment was changed by regulation. It has always been the position of the Veterans' Administration that only programs of independent study leading to a standard college degree should be considered as appropriate training under the GI bill. For these reasons, we favor the proposed change made by this portion of this section.

We have no data available on which to base a cost/savings estimate on this change.

The second substantive change proposed to be made by this section would be to amend section 1673(d) of title 38 to provide that all courses offered by educational institutions would be subject to the so-called 85–15 rule.

Under current law (which has been in effect for many years), eligible veterans are barred from enrolling in courses not leading to a standard college degree offered by a proprietary profit or proprietary nonprofit educational institution, where more than 85 percent of the students enrolled therein are having all or part of their tuition, fees, or other charges paid to or for them by the educational institution or by the Veterans' Administration.

The change proposed in this section of the measure would extend the 85–15 requirement to courses offered by *all* educational institutions and would include grants made to students from any Federal agency. This would include grants such as the Basic Educational Opportunity Grants and the Supplemental Educational Opportunity Grants made by the Department of Health, Education, and Welfare. These are grants which do not have to be repaid by the recipient. The exemption for educationally disadvantaged and PREP courses would be continued.

A number of accredited institutions of higher learning have recently opened branch locations in areas far distant from their main campuses. The recruiting for these branch locations has been directed exclusively at veterans. It is our position that, if an institution of higher learning cannot attract sufficient nonveteran and nonsubsidized students to its programs, it presents a great potential for abuse of our GI educational programs. Thus, we also favor the second change proposed in this section, but would recommend that the provision be amended to allow discretion in the Administrator to waive the 85–15 requirement in the case of the HEW grant programs cited above.

This section includes a new provision exempting farm cooperative training programs from the so-called 85–15 rule. The primary objective of the farm cooperative program is to provide meaningful instruction for the farmer while concurrently engaged in active agricultural employment. Farm cooperative programs are generally offered by high schools, area technical schools, and community colleges, and are frequently the result of the joint effort of the State Department of Education, local school officials and county farm agents. These programs are designed primarily for veteran participation. We have found that, when an area is not serviced by an institution offering such a course, a group of veterans engaged in full-time farming has organized such courses with the aid of local groups for veteran participation.

We have no objection to the exclusion of such programs from the requirements of the 85–15 rule. No data is available on which to base any cost/saving estimate.

Section 207 of the proposal would amend section 1674 of title 38 to add a new definition of unsatisfactory progress to be applied to the veterans education program. During compliance surveys of schools conducted by the Veterans' Administration, many cases have been discovered whereby students register for class, receive educational benefits from the Veterans' Administration, fail to attend class, and, immediately prior to the final examination for the course, withdraw from the class. They then register for the same class the next school term.

We believe that enactment of this provision would have the beneficial effect of curbing this abuse and would permit us to terminate benefits under such circumstances. We, therefore, favor this proposed change.

No data is available upon which to base a savings estimate on this proposal.

Section 208 of the proposal would amend section 1682 of title 38 to add a new subsection (e) incorporating into the law the present rates payable under our regulations for pursuit of independent study courses. This change would gear the payment rate to the amount of resident training pursued in conjunction with such a course. It would provide statutory support for the procedure presently being followed by the Veterans' Administration through our regulations.

The change proposed here, when taken in conjunction with the one proposed in section 206 of the proposed substitute measure (limiting pursuit by veterans to independent study courses leading to a standard college degree) would provide a better base for such pursuit and prevent abuses of the program. We, therefore, favor the proposal made by this section.

There is no data available on which to base a cost/savings estimate.

Section 209 of the proposal would amend section 1685(b) of title 38 to allow a veteran-student, who has signed a work-study agreement to perform services for the Veterans' Administration, to complete his agreement (with approval by the Administrator) even though he ceases to be a full-time student.

Under current law, a veteran may sign a work-study agreement to perform a set number of hours of service for the Veterans' Administration and receive advance payment for such services up to a maximum of $250 for 100 hours of service. In the event the veteran-student reduces his course load below the full-time level, or if he ceases to be a student, his work-study agreement must be terminated. Where the veteran has not performed the number of hours represented by the advance payment to him, the amount of the advance payment which represents the number of unworked hours is considered an over-payment and must be collected from him.

Our experience has indicated that a change such as is proposed here is needed in order that we may fully carry out Congress' intent to utilize veterans in work-study positions when the individual actually demonstrates a need for assistance which the work-study program affords. For this reason, we support the amendment proposed in this section of the substitute proposal.

Any cost incurred by enactment of this proposal would be minimal.

Section 210 of the proposal would make two changes in section 1692 of title 38. The first change would permit a veteran, pursuing a vocational course, who has not received his high school diploma or equivalency certificate, to be afforded tutorial assistance for that portion of the course which deals with the academic, rather than the laboratory or shop, segment. The second change would increase the tutorial allowance payable under this section by 8 percent.

It has been determined that there are a few cases where an eligible individual is taking a vocational or technical course at an educational institution, but has not received his high school diploma or equivalency certificate. In some cases, the institution requires the individual to pass an entrance examination. In others, it does not. Under current law, such an individual is not entitled to tutorial assistance.

It is our view that in these limited cases, where the individual is attempting to obtain job training through pursuit of a vocational course, but has not completed his secondary level training, and needs tutorial assistance in such areas as math, reading, etc., in order to be aided in the classroom or theoretical, as opposed to the actual on-job, laboratory and shop portions of the course, the individual should be given this benefit. We would, however, be opposed to extending this benefit to those areas which are, in reality, the actual manual types of instruction. We note that the proposal would exclude high school and PREP courses.

Any additional cost which might be involved as the result of enactment of the first change would be minimal. The cost of the second change is reflected in the rate increase table attached to this report.

Section 211 would make four technical amendments to various sections of title 38. The first would strike out the words "United States Code" in section 1652(e)—an unnecessary reference; the second would strike out "section 1780" in subsections (a) and (b) of section 1681 and insert in lieu thereof "chapter 36"; the third would redesignate section 1697A as section 1698; and the fourth would merely strike out the reference to section 1697A and substitute 1698 in the table of sections at the beginning of chapter 34. We would have no objection to any of these technical changes.

Section 212 would make various gender changes in chapter 34 of title 38, and we favor the changes.

TITLE III—CHAPTER 35 SURVIVORS' AND DEPENDENTS' EDUCATIONAL ASSISTANCE RATE AND PROGRAM ADJUSTMENTS

Section 301 would provide 8-percent rate increases in the case of dependents who are pursuing programs of cooperative training and for those dependents who are pursuing full-time courses of special restorative training. Since the other benefit rates payable to dependents are incorporated by reference to tables contained in chapter 34, it is not necessary to amend any other portions of chapter 35 to effectuate the rate increase.

The Veterans' Administration favors an increase in educational benefit rates. Our views in support of the increase are set forth in section 101 of this analysis. The rate increases provided by this section of the measure are reflected in the table attached to this analysis.

Section 302 would amend section 1701(a) of title 38 to insert the same two new definitions in chapter 35 as would be incorporated into chapter 34 by the changes proposed to be made by section 202 of the proposal. Our reasons for favoring the changes proposed to be made in chapter 34 apply equally to the changes proposed to be made here affecting chapter 35. These changes would not involve any cost.

Section 303 would make two changes in section 1711 of title 38. The first would allow 45 months of entitlement to dependents—the same as granted veterans under section 203 of the proposal. The second change would permit a limited amount of additional entitlement to those dependents who lose their eligibility under chapter 35 because the veteran parent or spouse is determined to no longer have a total disability permanent in nature, or the veteran parent or spouse who was listed as a prisoner of war, missing in action, or detained by a foreign power is no longer so listed, as well as grant limited additional entitlement to those spouses of permanently and totally disabled veterans who are divorced without fault on their part.

For the same basic reasons expressed in our discussion of section 203, we are also opposed to the granting of 45 months of educational entitlement to dependents as provided in section 303(1).

The estimated cost of this part of the proposal is as follows:

[Dollar amounts in millions]

Fiscal year	Trainees	Direct benefits cost
1977	5,000	$10.0
1978	4,100	8.2
1979	3,300	6.6
1980	3,300	6.6
1981	3,300	6.6
Total		38.0

In making these estimates, we have used the same basic assumptions utilized in arriving at the cost estimate for the additional 9 months of benefits allowed veterans under section 203 of the proposed substitute except that here we did not exclude the additional undergraduate costs already granted veterans not attaining their baccalaureate degree (not allowed dependents) and have assumed an average cost per trainee of $1,863.

Under current law, where a dependent loses eligibility for the reasons set forth above and is enrolled in a program of education offered by an educational institution not operated on a quarter or semester system, the eligibility of such person may be extended to the end of the course or until 9 weeks have expired, whichever first occurs. The change proposed here would make this 12 weeks. This is the same amount of time granted veterans under chapter 34 where their entitlement expires.

Since the Congress has expressed its desire to equate benefits of chapters 34 and 35 wherever feasible, we see no objection to this proposed change in section 303(2). This change would involve only minimal cost.

Section 304 proposes to make three changes in section 1712 of title 38. The first change would recognize that dependent children should be granted a period of 8 years of eligibility in which to complete their programs of education rather than the 5-year period set forth in current law. The 5-year period reflects the former requirement of commencing a program at age 18 and completing it by age 23. Since the upper limit has now been extended to age 26, we believe it proper to have the 8-year period placed in the law and thus favor this change.

The second change would restate the eligibility period available to dependents where their eligibility expires while they are enrolled in a program of education. This would permit a dependent, whose eligibility expires after enrollment in school, the same amount of time granted a veteran under chapter 34 whose entitlement has expired while enrolled. We believe that this change, like that provided in section 303, would recognize the position of the Congress that dependents' benefits should, where feasible, be equated with those granted veterans. We, therefore, favor this change.

The third change would repeal subsection (d) of section 1712 which relates to extension of the eligibility period of dependents for the period of time required to process their applications. We believe that the recognition of the 8-year period, as opposed to the 5-year period (discussed in section 303 above), makes this provision of law unnecessary. In addition, since payment of educational assistance may now be made for a period of 1 year prior to the date of receipt of the enrollment certification, if otherwise payable, the additional eligibility because of processing time is no longer necessary. We, therefore, favor its repeal.

Any cost increase resulting from these changes would, we believe, be minimal.

Section 305 of the proposal would amend section 1713 of title 38 to provide that in the case of a dependent who has attained his or her legal majority, the application for chapter 35 benefits for such a dependent may be filed by the dependent. We have no objection to this provision. There would be no cost involved in this proposal.

Section 306 would amend section 1723(a) of title 38 to add a new clause (4) which would have the effect of barring approval of the enrollment of dependents in any independent study program except one leading to a standard college degree. The change proposed here would be equatable to that proposed for chapter 34 by section 206 of the proposal. The background information cited in our discussion of that section of the proposal, as well as our reasons set forth there for supporting the change, are equally applicable to the change proposed to be made here in chapter 35.

No data is available on which to base any cost/savings estimate.

Section 307 of the proposal would amend section 1274 of title 38 to insert the same standard of progress requirement as is proposed to be added to chapter 34 by section 207 of the proposal. The basis for our support of that section of the proposal is equally applicable to the change recommended here.

No data is available on which to base any cost/savings estimate.

Section 308 would amend section 1732(e) of title 38 to prescribe the rate of benefit payable to dependents for pursuit of independent study programs. The background discussion and our reasons for supporting a similar change applicable to veterans, proposed to be made by section 208, are equally applicable to the change recommended here.

No cost would be involved in conjunction with this proposed change.

Section 309 would make three technical changes in chapter 35 by substituting "Survivors' and Dependents' Educational Assistance" for

"War Orphans' and Widows' Educational Assistance"; reflect such a title change in the tables of chapters at the beginning of title 38 and chapter 34, and substitute "chapter 36" for "section 1780" in section 1731(a). We have no objection to these changes. No cost would be involved in these changes.

Section 310 would make various gender changes in chapter 35 of title 38, and we favor the changes.

TITLE IV—POST-VIETNAM ERA VETERANS' READJUSTMENT ASSISTANCE ACT

Section 401 provides that the title of this proposal may be cited as the "Post-Vietnam Era Veterans' Readjustment Assistance Act of 1977".

Section 402 would amend section 1652 of title 38 to provide that no individual (with limited exceptions discussed below) entering service on or after January 1, 1977, could accrue benefits under the current GI bill program. The exceptions to this provision would be those individuals who have enlisted in the Delayed Entry Program (DEP) prior to January 1, 1977, but who do not go on active duty until after that date. The other provision which would have an effect on this is the one contained in section 407 of the provision that would, in the event universal military training is reimposed by law, permit an individual entering military service after such date to be eligible for chapter 34 benefits and also permit the individual coming within the new chapter 32 (discussed later) to elect to remain under the new program provided by that program or elect to come under the reinstated chapter 34.

The law (Pub. L. 89–358) establishing the current GI bill program provided educational assistance for eligible veterans who served on active duty in the Armed Forces after January 31, 1955. We believe that, with the end of hostilities in Vietnam in 1975, it is very appropriate at this time to terminate the current educational readjustment program. This would, it should be emphasized, follow similar action taken to end the GI bill education programs for World War II and Korean conflict veterans. It should be emphasized that (1) the primary purpose of all three GI bill programs has been to help veterans to adjust from military to civilian life by helping them get the education they might otherwise have gotten had they not served their country in time of national emergency, and (2) those veterans training under the current program have had more eligibility time for pursuit of their programs of education than was granted to the earlier veterans. It was not contemplated that educational assistance was to be a continuing benefit.

It is our view that approval of this provision of the proposal would make an equitable distinction between those who have been required to perform military service in wartime and those who in the future choose to serve in the peacetime All-Volunteer Armed Forces. Thus, we favor termination of the program.

We would, however, urge the setting of a date beyond which benefits under the current program may not be paid, similar to that provided in the House-passed bill (H.R. 9576) noted below. The proposal set forth in the proposed substitute measure is open-ended, which means that the program could go on for many, many years until the last eligible is discharged and has had 10 years in which to complete his or her program. A definite cut-off date, which is what was provided in ending the World War II and Korean programs, is much more preferable.

In our report to the House Committee on Veterans' Affairs dated July 15, 1975, on H.R. 6806, 94th Congress, a termination measure, we supported and supplied suggested draft language to allow GI bill benefits to those who enlist in the DEP program, but do not go on active duty for a period of time thereafter. We would point out that the House of Representatives, in approving H.R. 9576, a substitute bill for H.R. 6806, did not see fit to include this provision. We continue to support it.

The savings which would result from enactment of this proposal are set forth in the attachment to this report.

Section 403 of the proposal would amend section 1661(a) of title 38 in three respects. The first two changes would insert the proposed termination date of the chapter 34 program into those provisions which relate to the computation of entitlement to benefits. Based upon the termination proposal contained in section 402, these would be primarily technical in nature. The third change would provide that, in computing the delimiting date for a person continuing to be eligible under the current chapter 34, based upon his entrance into active service prior to January 1, 1977, or if he had enlisted under the Delayed Entry Program and entered after that date, the ending date of such an individual's eligibility under chapter 34 would be computed from the date of his or her *first* discharge or release from active duty after December 31, 1976. We would favor the third change since it would set an outer limit to eligibility and would not provide further extensions where the person re-enters active service subsequent to a discharge from the earlier period of service.

We recommend deletion of the first two changes since they could be subject to misinterpretation as to the cut-off date for computing entitlement. These changes do not involve cost.

Section 404 of the proposal would enact a new chapter 32 in title 38, establishing a new Post-Vietnam Era Veterans' Readjustment Assistance program. The new program would be a contributory-matching educational program to which the eligible individual would contribute amounts from his monthly pay to be matched on a $2 for $1 basis by the Veterans' Administration.

New section 1601 would define the purpose of the new program as being one to provide educational assistance to men and women entering military service after December 31, 1976, and to promote and assist the all-volunteer military program of the nation by attracting qualified men and women to serve in the Armed Forces.

New section 1602 prescribes various definitions which would govern the new program. The first would set the eligibility criteria for the new program as applying to those individuals entering military service after December 31, 1976 (except for those entering active duty after such date, but who signed up earlier under DEP), who serve on active duty for a period of more than 180 days after such date and who received a discharge or release under conditions other than dishonorable, or who entered on active duty after December 31, 1976, and were discharged or released after such date for a service-connected disability. Active duty would not include certain types of service such as service as a cadet or midshipman at one of the service academies, or certain service in the National Guard or Reserves. These are patterned after the limitations currently contained in chapter 34. The terms "program of education" and "educational institution" would have the same meanings as those currently set forth in chapter 34. The term "participant" is defined as a person participating in the new program.

New section 1621 sets forth eligibility in the new program. It allows those persons entering military service after December 31, 1976, the right to enroll in the new program; requires participation in the new program for at least 12 consecutive months (except for hardship or based upon a discharge); permits the individual to suspend or disenroll from the program at the end of any 12-month period; requires an individual who disenrolls to forfeit any entitlement except under limited conditions, and permits those who suspend to again participate subject to joint VA-Department of Defense regulations.

New section 1622 sets the terms of the new matching-contribution formula. It would require a participant to have no less than $50, nor more than $75, deducted from his monthly pay. The deducted amount would be deposited into a special fund in the U.S. Treasury. Following discharge from service, the participant would be allowed to enroll in school and receive monthly benefits. For each $1 withdrawn monthly from the individual's account in the Treasury to assist in his education, the Veterans' Administration would match the amount payable from that account on a $2 for $1 basis. The Secretary of Defense would, under this section of the proposed new chapter, be permitted to contribute such funds to any participant's account as he deems necessary or appropriate.

New sections 1623, 1624, and 1625 would set the basis for refunds of contributions to participants where they disenroll from the program. If the individual disenrolls prior to release or discharge from service, such individual's contributions will be refunded on the date of his release or discharge or within 60 days of disenrollment, whichever is later (unless based on hardship). If the individual disenrolls after his release or discharge, the amount of his contribution will be refunded to him within 60 days of disenrollment. In the event of the participant's death while in service or after discharge, provisions are included as to the payment of such individual's contributions.

New section 1631 provides that a participant would be entitled to a maximum of 36 monthly benefit payments; and sets the amount of each monthly payment by totaling the amount paid in by the participant, the VA contribution amount, any amount paid into the fund for the individual by the Secretary, and dividing the total by the number of months in which contributions were made by the participant. This section also provides that benefits may only be used after the participant has been discharged from service; grants eligibility to participants to Predischarge Education Program (PREP) benefits under current law; sets the basis for the payment of benefits where the participant pursues a program of education by correspondence; and grants participants eligibility under the current education loan program.

New section 1632 provides that educational assistance could be provided under the program only during the first 10 years following a participant's last discharge or release from active duty, and provides that any unused contributions of a participant remaining in the fund after the 10-year period has expired shall be refunded to such individual following notice to, and receipt of an application from, such individual.

New sections 1641 provides that the following sections of chapter 34 of current law would be applicable to the program: 1663 (educational and vocational counseling), 1670 (selection of program), 1671 (applications and approval), 1673 (disapproval of enrollment in certain courses), 1674 (discontinuance for unsatisfactory conduct or progress), 1676 (education outside the United States), 1683 (approval of courses), 1685 (work-study program), and 1695–1698 (PREP). It also provides that all provisions of chapter 36 of current law, with the exception of sections 1777 (approval of training on the job), 1780(c) (certifications of OJT training), and 1787 (apprenticeship or other on-job training), would apply to the new program.

New section 1642 requires the Administrator and the Secretary of Defense to designate appropriate individuals to be administratively responsible for carrying out an effective outreach program to acquaint all military personnel and prospective military personnel of the benefits of the new program.

New section 1643 requires reports to the appropriate Congressional committees on plans for implementation of the program and on its operations.

New section 1644 requires that deductions from military pay of participants be promptly deposited in the fund. It also requires the Department of Defense to submit monthly reports to the Veterans' Administration concerning such deductions as well as disenrollments and suspensions.

Section 405 of the proposed new substitute is technical in nature in that it merely inserts the title of the new chapter 32 at the beginning of title 38 and at the beginning of Part III of title 38.

Section 406 sets effective date of the new chapter 32 as January 1. 1977.

Section 407 would provide that, in the event compulsory military service is reimposed by law, individuals entering active duty on or after the effective date of such law would be eligible to accrue entitlement to educational benefits provided by the current GI bill, but would not be eligible under the new chapter 32. Participants in the new program would have two options: (1) They could elect to remain under the new program, or (2) they could elect to come under the provisions of the current GI bill. If they elect the second option, they would then be deemed to have disenrolled under the new program and would have any contributions refunded. Their eligibility under the current GI bill program would run from the date of such election.

The Veterans' Administration strongly opposes any provision which would create in the Veterans' Administration an education program for those individuals entering military service after the termination date of the current program.

As noted above, the stated purpose of the proposed new chapter 32 is to (1) provide educational assistance to those men and women who enter the Armed Forces after December 31, 1976, (2) to assist such individuals in obtaining an education they might not otherwise be able to afford, and (3) aid in attracting qualified men and women into military service.

However, the primary purposes of all GI bill programs—World War II, Korean Conflict and Vietnam-era—has been to help veterans adjust from military to civilian life by helping them get the education they might otherwise have gotten had they not served their country in a time of national emergency. The proposed new chapter 32 thus represents a radical—and in our view unjustified—departure from the time-honored practice of providing VA readjustment benefits to those who have suffered a serious disruption in their lives in the course of serving their country. We think a clear distinction can and should be made between those veterans who have served in wartime when conscription was in effect and veterans who have chosen to serve in the Armed Forces in peacetime.

Under the proposal, individuals would not be entitled to utilize entitlement until they have been discharged from military service. We would point out that there are many programs presently available through the Federal Government which would be of assistance to these individuals. These include the Basic Educational Opportunity Grant program, the Supplemental Education Opportunity Grant program, the College Work-Study program, and the Student Loan program administered by the Department of Health, Education, and Welfare. They also include the educational programs offered through the Law Enforcement Assistance Administration and the Department of Labor under the Comprehensive Employment Training Act. These are only a few of the numerous educational programs which veterans would have open to them.

The Department of Defense presently has a number of educational programs available for inservice personnel. Such programs in themselves serve as an inducement to recruit individuals to serve in the all-volunteer armed services. The Department also has a number of other recruiting incentives, such as the higher pay awarded these volunteers which is designed to make their remuneration comparable to civilian salaries, and such things as enlistment bonuses. We would, however, defer to the views of the Department of Defense as to any benefit the program proposed here would have on recruiting.

The reasons set forth above are all basic reasons why the Veterans' Administration opposes the proposed new program. There are specific provisions in the new chapter which we find particularly objectionable.

First, the proposal would call for administration and funding of the program by the Veterans' Administration. It is our view that the Department of Defense, not the Veterans' Administration, should be the agency responsible for funding of any program which might be set up for these individuals.

Second, the program would provide eligibility for those entering service on or after January 1, 1977, for correspondence course training and would grant benefits for those in service under the current Predischarge Education Program (PREP).

We have already addressed our position on correspondence training in our discussion of section 205 of the proposal. Our arguments in favor of discontinuing correspondence training under current law would apply equally to providing any such form of training under the proposed new program. We also strongly favor elimination of PREP training from current law and urge the Committee to give serious consideration to this recommendation.

The PREP program was established by Public Law 91–219, effective March 26, 1970, and was designed to assist servicemen and women to prepare for their future education, training, or vocation by providing them with the opportunity to enroll in and pursue a program of education or training prior to their discharge from active duty in the Armed Forces. The program is coordinated by the Veterans' Administration and the Department of Defense.

At the time PREP was established, recruitment for the Armed Forces followed a different philosophy from the present. In 1970, this country was still engaged in hostilities in Vietnam. Military requirements were being met by drafting individuals when the services could not meet the requirements through voluntary establishments. In some cases, it was evident that individuals were in need of high school diploma courses, or remedial, deficiency, or refresher courses to prepare them to pursue an appropriate course of education or training in an appoved educational institution or training establishment following their release from service.

It is our view that the continued need for PREP is no longer apparent. The educational programs developed by the Department of Defense, referred to earlier, are available to those individuals who are in the military service and range all the way from vocational training through graduate work. These Department of Defense programs can provide the means for obtaining high school diploma completion and/or remedial education, as required.

The cost estimate for this proposed new chapter 32 is set forth in the attachment which accompanies this analysis.

We would note that it is particularly difficult to project the costs of a new program where we have no actual experience upon which to base participation rates. In costing chapter 32, we have assumed a 10-percent participation rate, taking into account the historical patterns of participation by those in present chapter 34 programs and the fact that fewer persons are likely to participate in a contributory program than a free benefit program. The Department of Defense may be in a position to provide other estimates of participation rates. We would point out that in the first 5 years of the program, differences in participation rate assumptions have a relatively minor effect on costs as chapter 32 would provide postservice benefits and expenditures for the program would not occur until those who have made contributions have completed their terms of service. Differences of participation rate assumptions do have a significant impact on out year estimates, however, with higher participation rates resulting in higher costs.

We are opposed to the provision in section 407 which would automatically reinstate chapter 34 benefits should compulsory military service be reinstated. We believe that the conditions under which such a step might be taken vary radically. It is our view that reasoned policy decisions regarding veterans benefits appropriate under draft law conditions can only be made when the circumstances surrounding the decision to reinstate the draft are known and can be assessed.

TITLE IV—CHAPTER 36 EDUCATION LOAN AND PROGRAM ADMINISTRATION AMENDMENTS

Section 501 would provide an 8-percent increase in the rates payable for the pursuit of correspondence training. It would also authorize an 8-percent increase in the rates payable for pursuit of on-job and apprentice training programs.

Our position on rate increases is set forth in section 101 of this analysis. The cost of the rate increases provided by this section is included in the table attached to this analysis.

As we pointed out in our discussion of section 205, we favor ending the correspondence training program. Our basis for this position is outlined in the analysis of that section.

Section 502 of the proposal would amend section 1798 to (a) increase the amount of the student loan permitted by subsection (b)(3) from $600 per school year to $1,200 per school year; and (b) provide that the interest rate charged for loans made under the authority of section 1798 shall be comparable to the rate of interest charged students under the Office of Education's guaranteed student loan program.

Because of the limited usage of the education loan program, we believe this program should be abolished. Other financial aid is available and may be obtained from such sources as the Office of Education, Department of Health, Education, and Welfare. These programs include the Basic Educational Opportunity Grant Program, the Supplemental Educational Opportunity Grant Program, the College-Work Study Program, and the student loan programs. We, therefore, oppose these proposed changes.

It is estimated that enactment of this section would result in the following additional numbers of loans and increased amounts of loans:

[Dollar amounts in millions]

Fiscal year	Additional number of loans	Increased amount of loans (in millions)
1977	2,550	$6.7
1978	2,450	6.5
1979	2,300	6.1
1980	2,150	5.7
1981	1,950	5.1
Total		30.1

Additional funding would not be necessary since adequate funds are available in the Education Loan Fund. No significant impact would be anticipated from the reduction in the interest rate for some time since beneficiaries are allowed up to 10 years and 9 months to repay loans following termination of training.

Section 503 of the proposal would amend section 1774 of title 38 to add new authority whereby the Administrator may reimburse State approving agencies for certain work performed by their subcontractors providing the work has a direct relationship to the requirements of chapter 34, 35, or 36, and has had prior approval of the Administrator.

This section would also provide an 8-percent increase in the allowance for administrative expenses payable to State approving agencies for work performed by them on behalf of the Veterans' Administration.

Recent legislative and regulatory amendments have placed an increased workload upon the State approving agencies. This has necessitated increasing staffs and, where applicable, using independent contractors. In view of these factors, we would have no objection to either of these proposed changes.

Enactment of the provision calling for an 8-percent increase in the allowance for State approving agencies would result in the following estimated additional administrative expense:

Fiscal year:	Amount
1977	$135,000
1978	143,000
1979	152,000
1980	159,000
1981	166,000
5-year total	755,000

Section 504 of the proposal would amend subsection (a) of section 1775 of title 38 to (1) require that the catalog or bulletin of the educational institution be certified by an authorized representative of the school as being true and correct as to content and policy; (2) require that the catalog or bulletin specifically set forth the progress requirements of the school for graduation; and (3) include as a minimum the information required to be supplied by nonaccredited schools under the provisions of section 1776(b) (6) and (7) of title 38.

This section would also amend subsection (b) of section 1775 to require that the State approving agency, as a condition to approval of an accredited school, must find that the records showing progress of a student must include, as a minimum (with the exception of attendance), the same information as that required of nonaccredited schools under the provisions of section 1776(c)(7) of title 38.

During the past year, the Veterans' Administration amended its regulations to call for minimum standards of progress. The changes proposed here would require schools to state these standards in their catalogs for specific approval by the State approving agency. They would also require accredited schools to keep records, and meet certain requirements, concerning their standards of progress.

It is our view that the proposed changes would aid in curtailing a number of abuses which have occurred in the program. It is believed that some cost savings would result from the enactment of this proposal, but we have no data on which to base any estimate.

Section 505 of the proposal would make three substantive changes in section 1780(a) of title 38. The first change would bar payment of educational assistance benefits to veterans or dependents for auditing courses. The second would bar payment of educational assistance benefits to veterans or dependents for courses for which the grade assigned is not used in computing the requirements for graduation, including a course from which the student withdraws, unless the Administrator finds there are mitigating circumstances which would permit payment. The third change would bar payment to veterans, wives, or widows, for pursuit of the correspondence portion of a combination correspondence-residence course leading to a vocational objective where the correspondence course is completed in less than 6 months.

We favor all of the changes proposed in this section of the proposal. We do not believe that a veteran or a dependent should be paid for pursuing courses that are not counted towards such individual's educational or vocational objective.

Correspondence benefits are paid for at the rate of 90 percent of the cost of the course without a maximum. The resident portion of a combined correspondence-residence training program, on the other hand, is paid at a base rate of $270 ($292 under the rate increase proposed in this measure), or cost of course for less than half-time training.

It has been determined that, in the case of the majority of these combined courses, there has been front loading of the correspondence portion of the course in that the majority of the cost for the overall combined course is charged for the correspondence segment of the course. A relatively brief period of residence training is generally required following the taking of the correspondence lessons. It has been found that in many of these combined courses the correspondence portion of the program, for which the bulk of the charge is made, is of questionable value.

We are of the view that the restriction imposed by this section of the proposal, barring payment for correspondence portions of combined courses where the correspondence portion is completed in less than 6 months, will be of assistance to us in curtailing the abuses which have occurred in this program.

We do not have sufficient data available to us on which to base any cost/savings estimate for this section of the substitute measure.

Section 506 of the proposal would make two substantive changes in the notwithstanding clause at the end of subsection (a) of section 1780 of title 38.

Clause (A) merely represents a restatement of current language which grants the Administrator authority to continue to make benefit payments to veterans and dependents where a school is temporarily closed based upon an Executive order of the President or an emergency situation.

Clause (B) would add new language to section 1780 to provide for continued payment of educational assistance allowances where a veteran or dependent transfers from one approved educational institution to another educational institution during periods between consecutive school terms. Continued payment would be permitted provided the interval between such enrollments does not exceed 30 days.

In a number of cases, veterans or dependents enrolled for two successive terms at a particular school transfer to another school before the beginning of the second term. Usually they pursue the same or a similar program, but are denied payment for the break between the end of the enrollment at the first school and the beginning of the next term at the second school because, technically, they are not enrolled at either school during the break period. A student who is enrolled at the same school for both such semesters is paid for the break period, except for any calendar months in which no training is scheduled.

Since the student who is transferring between semesters is not out of training for any longer period than the student continuing in the same school, he is being discriminated against by not receiving subsistence allowance for that period. Further, since transfers to the new schools are not usually made known to the Veterans' Administration promptly, overpayments have been created which result in nonpayment periods for the veteran or dependent in the new term when the overpayment is collected. The veteran usually has already spent the money and has no current funds for his training.

The proposal would end the need for creating an overpayment against the veteran or dependent for this interim period of time, would eliminate the imposing of hardship on such an individual by requiring the collection of the overpayment during a period of time the individual needs funds for education or subsistence, and would eliminate the paper work required for creating and collecting the resulting overpayment.

We favor this portion of the proposal. We have no data upon which to base a cost estimate. However, we believe the cost of enactment would not be significant.

Clause (C) would permit the Administrator to make payments of benefits to eligible veterans and dependents in those cases where the educational institution certifies on an individual semester-by-semester, quarter-by-quarter, or term-by-term basis rather than, for example, a full school year. This situation occurs in a relatively small number of cases. The payment would be permitted where the interval between semesters, quarters, or terms does not exceed 1 full calendar month and, provided further, that such absences shall, in the case of courses not leading to a standard college degree, be counted for the purpose of computing the annual 30-day absence limit.

We believe that this provision would eliminate a situation which amounts to discrimination against a small number of veterans and dependents who are penalized where the schools certify on this limited basis. We, therefore, favor this change. We have no data upon which to base a cost estimate for this proposal either, but, again, believe the cost of its enactment would not be significant.

Section 507 would amend section 1784(a) of title 38 to provide that the date of interruption or termination of the pursuit of a program of education shall be the last date of pursuit or, in the case of correspondence training, the last date a lesson was serviced by the school.

This provision represents another move to attempt to prevent abuses of our educational programs. It would place in statutory language requirements which we have currently imposed in regulatory form. The change would have the effect of setting the specific date beyond which benefits could not be paid to veterans or dependents. We favor this provision of the substitute measure. No data is available on which we can estimate any cost/savings figure.

Section 508 of the measure would amend section 1784(b) of title 38 to increase, by $2, the reporting fee payable to educational institutions and joint apprentice training committees for filing reports with the Veterans' Administration. The fee is in lieu of any other compensation or reimbursement for reports or certifications such groups are required by law to submit to the Administrator. The reporting fee would be increased from $3 to $5 in the case of most schools and committees and from $4 to $6 in the case of those schools which handle the advance payment checks authorized to be paid under specified conditions.

In recent months, the Veterans' Administration has received complaints from educational institutions throughout the country indicating that they were unable to maintain adequate administrative functions concerning veterans and dependents based upon the current payment from the Veterans' Administration. Schools have indicated that the inflationary pressures, additional burdens put upon them with advance payment, standards of progress requirements, and the 50 percent employment surveys where applicable, they have had to increase their administrative staffs.

We believe that an increase in the reporting fee at this time is warranted. An increase is also consistent with the request of the General Accounting Office that we reevaluate the adequacy of statutory school reporting fees as an incentive for timely reporting of training status changes.

Enactment of this provision would result in the following estimated additional administrative expenses.

Fiscal year:	*Administrative cost*
1977	$3, 250, 000
1978	2, 880, 000
1979	2, 585, 000
1980	2, 235, 000
1981	1, 890, 000
Total	12, 840, 000

Section 509 would make substantive changes in section 1789 of title 38 respecting the so-called 2-year operation rule requirement. The first substantive change would repeal the exemption from the 2-year rule currently applicable to accredited, nonprofit institutions. The second substantive change would be the addition of two new clauses which would (1) apply the 2-year rule to branches or extensions of public or other tax-supported schools when such branches or extensions are located outside the taxing jurisdiction of the public or other tax-supported school, and (2) apply the 2-year rule to branches or extensions of proprietary institutions where such branches or extensions are located beyond the normal commuting distance of the main campus.

In recent months, a number of instances have been brought to our attention which represent abuses of our educational programs. Some of these cases involved contracting between non-profit schools and profit schools or organizations whereby courses designed by the latter are offered by the nonprofit, accredited school on a semester- or quarter-hour basis. In others, there are arrangements between nonprofit, accredited schools and outside profit firms whereby the latter, for a percentage of the tuition payment, perform recruiting services primarily for the establishing of these branch locations for the school. These recruiting efforts are aimed almost exclusively at veterans.

It is our view that the changes proposed by this section of the measure would aid in curtailing the abuses which have turned up, and for that reason we favor them. We believe that some savings would result from enactment of this section of the proposal, but this cannot be computed because of a lack of data.

For clarification purposes, we would recommend that on page 43, line 3, after the word "proprietary" the words "profit or proprietary nonprofit" be added.

Section 510 of the substitute measure would amend section 1792 of title 38 to insert requirements that the Administrator's advisory committee created by that section of the law shall meet on a regular basis and at least semiannually.

We would have no objection to these changes.

Section 511 of the proposal would repeal section 1793 and strike the reference to such section from the table of sections at the beginning of chapter 36.

Section 1793 requires the Veterans' Administration to disapprove the enrollment of veterans in certain institutions listed by the Attorney General as being subversive. The requirement for the maintaining of such a list was abolished two years ago by Executive order 11785. Thus, this section of the law is now obsolete, ad we favor its removal from title 38.

Section 512 would repeal section 1795 of title 38. Under this provision of the law, which has been in existence for a number of years, the aggregate period for which any person may receive assistance under 2 or more Veterans' Administration educational programs has been limited to a maximum of 48 months. These include benefits received under the World War II GI bill program, the Korean conflict GI bill program, the War Orphans' and Widows' Educational Assistance Act, as well as current programs. For example, if a person received 36 months of benefits under the War Orphans' law and subsequently became entitled to benefits under the GI bill as an eligible veteran, he or she could receive only 12 months of assistance under the latter program.

The stated purpose of the veterans' educational assistance program is to restore lost educational opportunities to those whose careers have been interrupted or impeded by reason of active duty service, and to aid persons in attaining the educational status to which they might normally have aspired and obtained had they not served their country. Thus, these programs were intended to serve only as a readjustment device during the period following the release of the veteran from service to civilian life.

The 36 months of entitlement provided a veteran is generally sufficient to permit him or her to achieve a baccalaureate degree and, when coupled with the additional 12 months' entitlement granted because of eligibility under more than one program, such an individual would, we believe, have ample time in which to achieve the goal of readjustment to civilian life.

We, therefore, oppose this provision of the proposal. We have no data available on which to base a cost estimate on this section of the measure.

Section 513 of the measure would amend section 1796 of title 38, relating to limitations on certain advertising, sales, and enrollment practices of institutions. It would add a new subsection (b) to require that such institutions maintain a complete record of all advertising, sales, or enrollment materials utilized during the preceding 12-month period. Such materials would be required to be made available for inspection by State approving agencies or the Veterans' Administration.

We would have no objection to enactment of this provision. We believe it would have the salutary effect of having such material available for inspection and review.

Section 514 would make a number of gender changes in chapter 36 of title 38, and we favor such changes.

TITLE VI—VETERANS' EMPLOYMENT ASSISTANCE PROVISIONS

Section 601 of the proposal would amend chapter 41 of title 38, relating to job counseling, training, and placement service for veterans, to add a new section 2002A. The new section would create in the Department of Labor a separate agency to be known as the Veterans' Employment Service headed by an Assistant Secretary of Labor for Veterans' Employment. The new agency would be responsible, subject to the supervision and control of the Secretary of Labor, for carrying out the policies and purposes of chapter 41. This same section would also amend other provisions of law to insert references to the addition of this Assistant Secretary.

Section 602 would make various changes in section 2003 of title 38 relating to the Comprehensive Employment and Training Act programs to promote participation of veterans in such programs.

Sections 603, 604, and 605 would make miscellaneous changes in sections 2006 and 2007 of title 38.

Section 606 would amend section 2012 of title 38 to require the Secretary of Labor to include as part of his annual report the number of complaints filed and the action taken on such complaints together with certain other data on contractors.

Sections 607, 608, and 609 would make certain gender changes in chapters 41, 42, and 43 of title 38 as well as other minor changes in language.

The provisions of this title of the substitute proposal involve programs which are administered by the Department of Labor. For this reason, we would defer to the expertise of that Department for a position on the changes proposed to be made by this title.

TITLE VII—MISCELLANEOUS AND EFFECTIVE DATE

Section 701 would amend section 3101(a) of title 38 to provide that where the payee of an educational benefit check has designated the address of an attorney-in-fact as the address for check receipt purposes and has also executed a power of attorney giving such attorney-in-fact the authority to negotiate the benefit check, such an agreement will be held to be an assignment of the benefit and, as such, would be prohibited.

In the administration of our educational programs, we have found many instances of abuse where school officials, their banks or agents have authority to receive and cash a beneficiary's benefit check. These abuses have been especially prevalent in the PREP, correspondence, and flight training programs. Certifications showing the number of correspondence lessons taken by the individual and serviced by the school as well as the number of flight hours logged by the veteran have been signed by the veteran in blank in advance and have been completed by the school certifying, in some cases, lessons never taken or hours never flown. The Veterans' Administration then pays for this training, the veteran or dependent never sees the check, and is unaware of its issuance or amount.

We believe that to continue to permit such situations to occur would be to encourage more fraud and open the door to even more potential abuse of the programs. We, therefore, fully support this provision of the substitute proposal.

No data is available on which to base any savings/cost estimate.

Section 702. This section states that, unless otherwise provided, the changes made by this Act shall become effective on October 1, 1976.

DIRECT BENEFITS-ADMINISTRATIVE COST/SAVINGS ESTIMATES FOR SENATE AMENDMENT NO. 2005 TO S. 969, 94TH CONGRESS

TABLE A

Overall Direct Benefit Cost/Savings:

Fiscal Year		Direct Benefit Cost/Savings (In millions)
1977		$ 589.2
1978		390.1
1979		128.2
1980		-135.8
1981		-424.8
	Five-Year Net Total Cost	$ 546.9

In arriving at this overall direct benefit cost/savings estimate, we have considered all of the provisions of the substitute proposal including: (1) the 8 percent increase; (2) termination of flight training; (3) 45 months of entitlement for veterans and dependents; (4) termination of the GI Bill program; (5) the new contributory post-Vietnam era education program; (6) extension of the delimiting date for seriously disabled veterans; and (7) various other changes in title 38, United States Code.

TABLE B
Overall Administrative Cost/Savings:

Fiscal Year	Manyears	Administrative Cost/Savings (In thousands)
1977	164.8	$ 6,209.8
1978	-9.3	2,904.2
1979	-157.0	627.7
1980	-287.7	-1,505.2
1981	-414.8	-3,645.1
Five-Year Total	-704.0	$ 4,591.4

In arriving at this overall administrative cost/savings estimate, we have considered all of the changes proposed to be made in our educational programs by the substitute proposal. We have also included, in Fiscal Year 1977, the sum of $1,300,000 to represent the cost of redesigning and reprograming necessary for the proposed new chapter 32. It should be pointed out that it has not been possible to estimate any changes which might be occasioned by the proposals in the measure to tighten up administration of our educational programs. These exceptions are appropriately noted in the accompanying section-by-section analysis.

TABLE C

SUMMARY OF BENEFIT COST S.969

($ in millions)

	1977	1978	1979	1980	1981
8% Rate Increase	$349.9	$325.8	$305.6	$286.8	$268.0
9 Month Entitlement Extension	263.2	146.4	57.4	49.8	42.6
Chapter 32	...	.1	1.4	9.0	27.8
Suspension of Post-Korean GI Bill	- 14.6	-71.6	-223.8	-468.3	-750.0
Flight Termination	- 11.4	-12.7	- 14.4	- 15.0	- 15.0
Vocational Rehabilitation	1.6	1.6	1.5	1.4	1.3
Tutorial Assistance	.5	.5	.5	.5	.5
Total Cost	$589.2	$390.1	$128.2	-$135.8	-$424.8

32 2080

TABLE D

Summary of Administrative Cost S. 969
(in thousands)

	1977	1978	1979	1980	1981
9 Month Entitlement Extension	$1,921.3	$1,078.8	$ 420.8	$ 363.9	$ 311.7
Chapter 32	-	6.1	30.0	150.1	394.8
Suspension of Post Korean G.I. Bill	-297.5	-1,076.1	-2,407.7	-4,250.6	-6,242.2
Flight Termination	-138.9	-157.5	-181.6	-188.2	-190.1
Vocational Rehabilitation	12.9	11.8	10.9	10.5	9.4
Tutorial Assistance	7.5	-	-	-	-
Education Loans	19.5	18.1	18.3	15.1	15.3
8% Increase SAA	135.0	143.0	152.0	159.0	166.0
Reporting Fee	3,250.0	2,880.0	2,585.0	2,235.0	1,890.0
DDM Conversion	1,300.0	-	-	-	-
Total Cost	$6,209.8	$2,904.2	$ 627.7	$-1,505.2	$-3,645.1

TABLE E

8% Increase of Allowances
(Dollars in millions)

	All Chapters		Chapter 31		Chapter 34		Chapter 35	
Fiscal Year	Trainees	Direct Benefit Cost	Trainees	Direct Benefit Cost	Trainees	Direct Benefit Cost	Trainees	Direct Benefit Cost
1977	2,581,300	$ 349.9	28,500	$ 4.7	2,445,100	$ 329.2	107,700	$16.0
1978	2,382,800	325.8	28,300	4.6	2,243,000	304.6	111,500	16.6
1979	2,245,600	305.6	27,900	4.6	2,106,800	284.7	110,900	16.3
1980	2,106,600	286.8	27,500	4.5	1,968,800	266.1	110,300	16.2
1981	1,962,300	268.0	26,900	4.5	1,830,800	247.4	109,600	16.1
Five year total		$1,536.1		$22.9		$1,432.0		$81.2

The 8 percent rate increase reflected by the preceding chart represents an across-the-board increase in all existing educational programs. No attempt has been made in this chart to provide for changes made by the substitute proposal. However, in computing the overall cost/savings on the substitute, the 8 percent increase is reflected only as to those programs remaining and would eliminate, for example, any increase in flight training which would be eliminated by section 205. It also does not reflect the termination of the GI Bill program as of December 31, 1976, although this factor is also reflected in the overall cost/savings figure.

TABLE F

Chapter 32 - Post Vietnam G.I. Bill
Title IV
(Dollars in millions)

	Net Savings		Chapter 32		Suspension of Post-Korean G.I. Bill	
Fiscal year	Trainees	Direct Benefit Savings	Trainees	Direct Benefit Cost	Trainees	Direct Benefit Savings
1977	23,350	$ 14.6	--	$ --	23,350	$ 14.6
1978	83,480	71.5	150	.1	83,630	71.6
1979	183,040	222.4	2,170	1.4	185,210	223.8
1980	311,450	459.3	11,370	9.0	322,820	468.3
1981	442,690	722.2	30,010	27.8	472,700	750.0
Five year total		$1,490.0		$38.3		$1,528.3

Note: These estimates assume passage of all other relevant sections of this bill.

In arriving at the direct benefit cost estimate for this new chapter, we have made the following assumptions:

a. Ten-percent of servicemen eligible will choose to contribute.

b. The average contribution is expected to be $60 per month for an average of 30 months.

c. Ten-percent of those who contributed will withdraw their accumulated contributions upon separation from service.

d. One-percent of those who remain as eligible will withdraw their remaining accumulated contributions each year.

e. The average yearly usage rate is nine months of training.

f. Average cost for the first year of separation was assumed to be 1/2 of the yearly rate.
1/2 (9 mo. x $60/mo.)

In arriving at the direct benefit cost savings which would result from termination of the G.I. Bill program, we have made the following assumptions:

a. For each effective date an estimate of ineligible separations from the armed services by fiscal year is received from Reports and Statistics Service (042A1). Ineligible strength of in-service personnel is also provided.

b. By cohort analysis participation rates from the "education model" are extended to veteran ineligible separations to estimate fiscal year trainee savings. To these figures the budgeted average cost of veteran training is applied to yield fiscal year savings for veterans.

c. The normal participation rate for servicemen is applied to the average ineligible servicemen strength by fiscal year. The average cost of in-service training is multiplied by the estimate of ineligible trainees to yield fiscal year savings for servicemen.

d. The totals of items 2 and 3 are added together to get total trainees and money savings.

e. This estimate includes the effects of an 8% rate increase.

ADMINISTRATIVE COSTS

Administrative costs are incurred in S. 969 for the following titles and sections.

TABLE G

Sections 203, 303 - 9-month Entitlement Extension, Chapter 34 and 35.

	All Chapters		203		303	
FY	Man-years	Administrative Cost	Man-years	Administrative Cost	Man-years	Administrative Cost
1977	145.2	$1,921,300	141.1	$1,866,800	4.1	$ 54,500
1978	80.8	1,078,800	77.4	1,033,700	3.4	45,100
1979	31.2	420,800	28.4	383,800	2.8	37,000
1980	26.8	363,900	24.0	326,600	2.8	37,300
1981	22.7	311,700	20.0	275,600	2.7	36,100
Total	306.7	$4,096,500	290.9	$3,886,500	15.8	$210,000

TABLE H

Chapter 32 - Post-Vietnam G.I. Bill
Title IV

	Net Savings		Chapter 32		Suspension of Post-Korean G.I. Bill	
FY	Manyears	Administrative Savings	Man-years	Admin. Cost	Manyears	Administrative Savings
1977	(22.6)	$(297,500)	-0-	$ -0-	(22.6)	$(297,500)
1978	(80.1)	(1,070,000)	.5	6,100	(80.6)	(1,076,100)
1979	(176.4)	(2,377,700)	2.2	30,000	(178.6)	(2,407,700)
1980	(302.2)	(4,100,500)	11.0	150,100	(313.2)	(4,250,600)
1981	(425.1)	(5,847,400)	28.7	394,800	(453.8)	(6,242,200)
Total	(1,006.4)	$(13,693,100)	42.4	$581,000	(1,048.8)	$(14,274.100)

TABLE I

Section 205-Termination of Flight Training

FY	Manyears	Administrative Savings
1977	(10.7)	$(138,900)
1978	(12.0)	(157,500)
1979	(13.7)	(181,600)
1980	(14.0)	(188,200)
1981	(14.0)	(190,100)
Five year savings	(64.4)	$(856,300)

TABLE J

Section 102-Unlimited Extension of Entitlement to Blinded and Seriously Disabled Veterans in need of Vocational Rehabilitation.

FY	Manyears	Administrative Cost
1977	.9	$12,900
1978	.8	11,800
1979	.7	10,900
1980	.7	10,500
1981	.6	9,355
Five year total	3.7	$55,455

Section 210-Expansion of Tutorial Assistance

First year administrative costs would approximate $7.5 thousand and decrease over time.

TABLE K

Section 502-Education Loan Fund

FY	Manyears	Administrative Cost
1977	1.3	$19,500
1978	1.2	18,100
1979	1.2	18,300
1980	1.0	15,100
1981	1.0	15,300
Five year total	5.7	$86,300

[No. 121]

COMMITTEE ON VETERANS' AFFAIRS, U.S. SENATE

U.S. DEPARTMENT OF LABOR,
OFFICE OF THE SECRETARY,
Washington, D.C., July 23, 1976.

Hon. VANCE HARTKE,
Chairman, Committee on Veterans' Affairs,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: This is to inform you of our views on Amendment No. 2005, a substitute to S. 969, entitled the Veterans' Education and Employment Assistance Act of 1976, which is presently before your Committee.

Among the many amendments this proposal would make to the bill, the Department of Labor is particularly concerned with and opposed to that contained in title VI of the amendment, which would provide that our Office of Veterans' Employment Services be separated from the Employment and Training Administration and made an independent administration headed by an Assistant Secretary of Labor for Veterans Employment.

Establishment of a Veterans' Employment Service as a separate agency within the Department would not increase the current high priority accorded veterans. On the contrary, it could impair the provision of services to veterans. The Department administers a number of special programs with respect to veterans and other special groups. Each of these programs is carefully interrelated into the Department's overall effort to provide employment-related services for all special groups, including veterans, women and the handicapped. These special groups have many characteristics in common. The coordination of policies and administration for these special programs not only eliminates fiscal and administrative duplication but also results in a more efficient provision of services to the individuals. The fragmentation suggested by this bill would eliminate these advantages without providing other benefits.

We believe that employment services for veterans can best be provided by according them a high priority in the mainstream of activity in the Employment and Training Administration where coordinated policies can be implemented to achieve maximum benefits for each group, rather than isolating them in a separate organizational entity.

The Office of Management and Budget has advised that there is no objection to the presentation of this report from the satndpoint of the Administration's program.

Sincerely,

W. J. USERY, Jr.,
Secretary of Labor.

[No. 122]

COMMITTEE ON VETERANS' AFFAIRS, U.S. SENATE

General Counsel of the Department of Defense,
July 23, 1976, Washington, D.C.

Hon. Vance Hartke
Chairman, Committee on Veterans' Affairs
U.S. Senate, Washington, D.C.

Dear Mr. Chairman: Reference is made to your letter of July 6, 1976 to the Assistant Secretary of the Army (Manpower and Reserve Affairs) regarding Amendment 2005 to S. 969, 94th Congress. You requested 5 year cost estimates and comment on the amendment's title IV, which is cited as the "Post-Vietnam Era Veterans' Readjustment Assistance Act of 1977." As Mr. Brotzman indicated in his interim reply of July 9, 1976, the views of the military departments have been incorporated in this single Department of Defense report.

Title IV would result in about $750 million less in outlays from the effective date of January 1, 1977 through the end of fiscal year 1982, then would be the case in the event of total termination. This would be the result of contributions being deducted from the pay of many participants while on active duty, but relatively few using their post-service benefits during these early years of the new program. In steady state title IV would cost about $300 million per year. This would be at least $1 billion per year less than the current GI bill, but still $300 million more than complete termination.

Enclosed is a paper summarizing the specific use and cost data you requested.

The Department of Defense supports the President's request for total termination of GI bill educational program for new accessions. A peace-time GI bill is not a cost-effective enlistment incentive. If there is an additional $300 million available for All Volunteer Force incentives, we would like the option of using it for developing new or expanding current enlistment incentives or in recruiting and advertising programs. With inservice use precluded, the educational program proposed in title IV of your amendment would act as a reenlistment disincentive, since those who would have participated in the savings program would be required to leave active duty to use their benefits.

The termination feature of the proposed amendment would provide benefits for those who enlist in the military prior to the effective date of termination, but do not come on continuous active duty until subsequent to that date. This feature would allow the Services to keep faith with those who have signed contracts under the existing set of incentives. In summary, the Defense Department supports the termination features, but does not support the substitute GI bill, proposed in title IV of your amendment to S. 969.

Sincerely,

RICHARD A. WILEY.

Enclosure.

USE AND COST DATA

TITLE IV—POST VIETNAM ERA VETERANS' READJUSTMENT ASSISTANCE ACT

There is no direct experience upon which to make use and cost estimates for such a contributory program for post-service educational benefits. The following data represents the estimates of headquarters based on current data available and with only minimal field research on this specific proposal.

Table 1 shows the estimated use and outlay cost by fiscal year for fiscal year 1977 (after January 1, 1977) through fiscal year 1982 and for steady state. Table 2 reflects accrual obligations in TOA for the same periods. The use and cost estimates for both tables represent changes from the levels under total termination, and are based on the following assumptions:

(1) Participation levels expressed as percentages of accessions after the effective date, as shown in table 3.

(2) Half of the officer participants and half of Army and Marine Corps enlisted participants will be on three year contracts, all others are on four year contracts.

(3) Ninety percent of participants will use 75 percent of their benefits within 10 years after discharge.

(4) Half of eligibles will begin use within one year after discharge.

(5) Remaining 40 percent of eligibles will use benefits evenly over remaining nine years.

(6) The contributions of the 10 percent of eligibles who do not use program and the remaining contributions of those who use only part of their benefits will be refunded 10 years after discharge.

(7) Ten percent of the participants will reenlist deferring use of their benefits.

(8) Full-time users will expend nine months of benefit per year.

(9) Contributors will average $750 per year per person.

(10) Users will expend $1687.50 per year for full-time student or $2.250 per manyear (three times contribution rate).

Tables 4, 5, and 6 provide more detail by Service.

TABLE 1.—COST AND USE SUMMARY: TITLE IV—POST VIETNAM ERA VETERANS' READJUSTMENT ASSISTANCE ACT (COMPARED TO COMPLETE TERMINATION)

[Dollar amounts in millions]

	Fiscal year—						Steady state
	1977	1978	1979	1980	1981	1982	
Contributors (man-years, thousands)	35.9	146.3	236.6	279.7	294.0	294.0	294.0
Users (man-years, thousands)	0	0	0.1	4.4	29.7	63.5	220.[illegible]
Receipts (outlay)	−$26.9	−$109.7	−$177.4	−$209.8	−$220.4	−$220.4	−$220.5
Payments (outlay)			.2	9.9	66.8	142.8	[1] 520.9
Total (outlay)	−26.9	−109.7	−177.2	−199.9	−153.6	−77.6	300.4

[1] Includes refunds of disenrollees 10 yr after discharge.

TABLE 2.—ACCRUAL COST SUMMARY IN TOA

[Dollar amounts in millions]

	Fiscal year—						Steady state
	1977	1978	1979	1980	1981	1982	
Projected obligations	$36.7	$149.5	$241.8	$285.8	$300.4	$300.4	$300.4

TABLE 3.—ASSUMED PARTICIPATION

	In percent				Accessions (thousands)
	36 mo	24 mo	12 mo	Totals	
Army	25	10	10	45	160
Navy	5	5	5	15	104
United States Marine Corps	25	10	10	45	48
United States Air Force	25	5	5	35	81
Officer	10	10	10	30	25
Weighted average	19	8	8	35	418

TABLE 4.—PARTICIPATION LEVELS COMPARISONS—CONTRIBUTIONS

[Man-years in thousands]

	Fiscal year—						Steady state
	1977	1978	1979	1980	1981	1982	
Army	17.5	71.9	116.9	138.8	147.0	147.0	147.0
Navy	4.5	17.2	25.7	29.2	30.0	30.0	30.0
United States Marine Corps	5.2	21.2	34.2	40.3	42.0	42.0	42.0
United States Air Force	6.3	26.7	44.7	54.1	57.0	57.0	57.0
Officer	2.4	9.3	14.8	17.3	18.0	18.0	18.0
Total	35.9	146.3	236.6	279.7	294.0	294.0	294.0

TABLE 5.—USERS

[Man-years in thousands]

	Fiscal year—						Steady state
	1977	1978	1979	1980	1981	1982	
Army	0	0.03	0.09	3.2	19.1	30.4	110.2
Navy	0	0	0	0	1.3	5.9	22.5
United States Marine Corps	0	.01	.03	.9	4.7	10.4	31.5
United States Air Force	0	0	0	0	2.5	12.5	42.8
Officer	0	0	0	.3	2.1	4.3	13.5
Total	0	0	.1	4.4	29.7	63.5	220.5

TABLE 6.—COST COMPARISONS BY SERVICE—COST COMPARED TO TOTAL TERMINATION

[Dollar amounts in millions]

	Fiscal year—						
	1977	1978	1979	1980	1981	1982	Steady state
Enlisted:							
Army	−$13.1	−$53.8	−$87.5	−$97.0	−$67.2	−$41.8	$148.9
Navy	−3.4	−12.9	−19.3	−21.9	−19.6	−9.2	30.4
United States Marine Corps	−3.9	−15.9	−25.5	−28.2	−20.9	−8.1	42.2
United States Air Force	−4.7	−20.0	−33.5	−40.6	−37.2	−14.7	57.6
Total, enlisted	−25.1	−102.6	−165.8	−187.7	−144.9	−73.8	279.1
Officers	−1.8	−7.0	−11.1	−12.3	−8.8	−3.8	21.3
Total	−26.9	−109.6	−176.9	−200.0	−153.7	−77.6	300.4

[No. 126]

COMMITTEE ON VETERANS' AFFAIRS, U.S. SENATE

Congress of the United States,
Congressional Budget Office,
Washington, D.C., August 4, 1976.

Hon. Vance Hartke,
Chairman, Committee on Veterans' Affairs,
U.S. Senate, Washington, D.C.

Dear Mr. Chairman: Pursuant to section 403 of the Congressional Budget Act of 1974, the Congressional Budget Office has prepared the attached cost estimate for Amendment No. 2005 to S. 969, the Veterans' Education and Employment Assistance Act of 1976.

Should the committee so desire, we would be pleased to provide further details on the attached cost estimate.

Sincerely,

Alice M. Rivlin,
Director.

Attachment.

Congressional Budget Office Cost Estimate

1. Bill No.: S. 969.

2. Bill title: Veterans' Education and Employment Assistance Act of 1976.

3. Purposes of bill: To provide more adequate educational and employment assistance for veterans by increases in: (1) Monthly benefits, (2) tutorial assistance, and (3) entitlement extension. This bill initiates a new contributory vesting program for peacetime veterans' educational assistance and phases out the old GI bill and flight training assistance.

4. Cost estimate:

[In millions of dollars]

	Fiscal year—				
	1977	1978	1979	1980	1981
Title I:					
Budget authorization	6.3	6.1	6.0	5.8	5.6
Outlays	6.3	6.1	6.0	5.8	5.6
Title II:					
Budget authorization	349.7	374.9	347.1	319.8	290.7
Outlays	349.7	374.9	347.1	319.8	290.7
Title III:					
Budget authorization	26.0	29.0	28.8	28.5	28.3
Outlays	26.0	29.0	28.8	28.5	28.3
Title IV:					
Budget authorization	22.5	69.1	100.5	3.3	−204.7
Outlays	1.1	−.5	−7.2	−20.2	−117.0
Receipts	−22.5	−71.6	−134.2	−165.4	−194.0
Title V:					
Budget authorization	87.0	79.9	74.7	69.7	64.3
Outlays	87.0	79.9	74.7	69.7	64.3
Title VI:					
Budget authorization	.3	.3	.3	.4	.4
Outlays	.3	.3	.3	.4	.4
Total:					
Budget authorization	491.8	559.3	557.4	427.5	184.6
Outlays	470.4	489.7	449.7	404.0	272.3
Receipts	−22.5	−71.6	−134.2	−165.4	−194.0

5. Basis for estimate:

TITLE I

[In millions of dollars]

	Fiscal year—				
	1977	1978	1979	1980	1981
S. 101:					
Budget authorization	4.7	4.6	4.6	4.5	4.4
Outlays	4.7	4.6	4.6	4.5	4.4
S. 102:					
Budget authorization	1.6	1.5	1.4	1.3	1.2
Outlays	1.6	1.5	1.4	1.3	1.2

This estimate shows the 8 percent incremental increase authorized by the bill for disabled veterans under chapter 31 of title 38, U.S.C. It is based on Veterans' Administration (VA) projections of eligible disabled and totally disabled trainees to be, respectively:

	Fiscal year—				
	1977	1978	1979	1980	1981
Trainees in:					
S. 101	28,500	28,300	27,900	27,500	26,900
S. 102	475	450	425	400	375

The average yearly benefit paid to the totally disabled veteran utilizing educational assistance is taken from 1975 actual expenditures of "The Budget of the U.S. Government, fiscal 1977" and adjusted for the September 1, 1974 increase and utilizing it to fiscal years 1977–81. The average yearly benefit of those disabled veterans in S. 101 is strictly for subsistence and is calculated by the VA to be $2,046. It is assumed here and throughout the entire cost estimate that average yearly benefits are not automatically increased and that dependency rates will remain constant at 1.42.

TITLE II

[In millions of dollars]

	Fiscal year—				
	1977	1978	1979	1980	1981
S. 201:					
Budget authorization	327.7	301.3	281.8	262.8	242.4
Outlays	327.7	301.3	281.8	262.8	242.4
S. 203:					
Budget authorization	111.1	102.1	95.5	89.1	82.2
Outlays	111.1	102.1	95.5	89.1	82.2
S. 205:					
Budget authorization	−57.8	−57.8	−57.8	−57.8	−57.8
Outlays	−57.8	−57.8	−57.8	−57.8	−57.8
S. 207:					
Budget authorization	−31.6	−39.0	−27.3	−25.4	−23.6
Outlays	−31.6	−39.0	−27.3	−25.4	−23.6
S. 210:					
Budget authorization	.3	.3	.3	.3	.3
Outlays	.3	.3	.3	.3	.3

Summing the costs of sections 201, 203, 205, 207, and 216 gives us the cost estimate for title II of S. 969. Section 201 consists of the dollars for the 8 percent increase in readjustment benefits for veterans' training in institutions of higher learning or farm cooperatives. The 1975–76 VA projections for total number of trainees is the following:

	Fiscal year—				
	1977	1978	1979	1980	1981
Trainees	2, 737, 000	2, 517, 000	2, 354, 000	2, 195, 000	2, 025, 000

According to VA records, the average number of months enrolled in school is 7.0 to 7.5; 63.5 percent of those enrolled are full-time students and 78.5 percent of all trainees are entitled to benefits under section 201. Again, assuming dependency rates constant, average monthly benefits for full- and part-time trainees in college and noncollege programs are then calculated.

Section 203 consists of essentially two parts—those in undergraduate school who will now go on to graduate studies because of the 9-month extension, and those veterans already in graduate school who will now become eligible for extended benefits. Using various VA publications, we found 23.3 percent and 7.4 percent of veterans in training were enrolled in 4-year degree and graduate degree programs, respectively.

An Office of Education survey shows that 25 percent of all undergraduate students go on to graduate school. Although past statistics indicate only 11 percent of all veterans pursuing higher education enter graduate school, it seems reasonable to assume that if benefits were extended, the percentage of veterans in graduate studies would be similar to that of the general student population. As for those veterans already in graduate programs, we assume 10 percent would need to take advantage of the extended benefits, although the VA estimates that only 5 percent of all eligible veterans fully utilize their benefits. In order to find a more appropriate percentage utilization number, it is defensible to eliminate junior college enrollments, that is half the eligible veterans, since historical information indicates the majority to be terminal degrees. Justification for this can also be made on the grounds that a large number of veterans enrolled in school had 1 to 2 years of college before their discharges. This would enable them to go into graduate studies using their original 36 months of benefits. Since an extremely small percentage go on for advanced graduate degrees, thereby needing extended benefits, it seems reasonable that the percentage utilizing the extension should be small. Finally, total trainees are summed, converted into FTE's and the average 9-month benefit applied to find the total cost for section 203.

Section 205 of the bill eliminates the flight training program. The number of trainees is estimated at 44,500 and is assumed to be constant through 1981 as it has remained relatively constant in past years. Because constant dependency and benefit rates are assumed, the average yearly benefit for flight trainees, $1,300 estimated by the VA, is held constant.

The elimination of the flight training program may induce some of the veterans in this program to move into other educational programs. To this extent, cost increases could occur in other sections of this bill.

According to an extensive study made by GAO entitled, "Educational Assistance Overpayments, a Billion Dollar Problem—A Look at the Causes, Solutions, and Collection Efforts," the elimination of manual verification procedures of the VA could accelerate the processing of trainee status changes. In so doing, GAO estimates administrative cost savings of $600,000 annually as well as an 11 percent reduction in overpayments. Assuming payments to beneficiaries in chapters 34 and 35 are similarly distributed, the cost savings can be divided proportionately between title II, section 207 and title III, section 307 of this bill.

The number receiving tutorial assistance for section 210 is assumed stable at 11,500 with an average quarterly benefit of $82.

TITLE III

[In millions of dollars]

	Fiscal year—				
	1977	1978	1979	1980	1981
S. 301:					
Budget authorization	16.5	16.4	16.2	16.1	16.0
Outlays	16.5	16.4	16.2	16.1	16.0
S. 303:					
Budget authorization	11.1	11.0	11.0	10.8	10.8
Outlays	11.1	11.0	11.0	10.8	10.8
S. 307:					
Budget authorization	−1.6	−1.6	−1.6	−1.6	−1.5
Outlays	−1.6	−1.6	−1.6	−1.6	−1.5

This 8 percent incremental increase is based on the 1975–76 VA projections of the number of surviving spouses and dependents as

	Fiscal year—				
	1977	1978	1979	1980	1981
Surviving spouse	87,200	87,200	86,400	86,100	85,700
Dependents	24,000	23,500	23,000	22,500	22,000

and the average yearly benefits paid plus the 8 percent requested increase in benefits. Explanation for section 307 is the same as stated earlier in section 207.

TITLE IV

[In millions of dollars]

	Fiscal year—				
	1977	1978	1979	1980	1981
S. 403:					
Budget authorization	0	−2.5	−33.7	−162.1	−398.7
Outlays	0	−2.5	−33.7	−162.1	+398.7
S. 404:					
Budget authorization	22.5	71.6	134.2	165.4	194.0
Outlays	1.1	2.0	26.5	141.9	281.7
Receipts	−22.5	−71.6	−134.2	−165.4	−199.0

Savings from the old GI bill will be realized by the separatees without service before January 1, 1977. The projected net separations after this date and the percentage of veterans entering training are extracted from various VA publications. CBO assumed retention rates to be 75 percent, 60 percent, and 45 percent for the first, second, and third years, respectively. Applying the earlier assumptions of constant dependency rates, average number of months enrolled in school, and average yearly benefits, the total number of trainees in this category is converted into FTE's and a total dollar savings is derived.

Under section 104, the total number of veterans eligible for the new contributory vesting educational assistance program is also based on the 1976 projected net separations made by the VA. It is assumed that 10 percent of the enlistees will contribute for 12 months; 15 percent for 24 months; 10 percent for 36 months; and the average monthly contribution will be $62.50. Because information is highly speculative, it seems reasonably safe to assume an even distribution and therefore, a mean (average monthly) contribution of $62.50. Also it is assumed that the veteran will use 9 months of benefits each year after his separation; therefore, any veteran contributing for 12 months will use 9 months in the first year following separation, 3 months the second year, if contributed for 24 months, 9 months in each of the first 2 years used, and 6 months in the third year, et cetera.

A survey by the Department of Defense regarding servicemen's intentions of utilizing the old "free" GI bill, found:

(1) 20 percent of the new enlistees planned to use their benefits;

(2) After 3 years in the military, 60 percent of them planned to use their benefits; and

(3) Approximately 58 percent of the veterans use their GI benefits.

Because the new educational assistance program involves a rather high out-of-pocket cost to the new enlistee, it is reasonable to assume something considerably less than the 20 percent who would have used free benefits, would join the program. As information regarding the program date draws near, more servicemen may look toward the future and enter the program. Especially in light of the rise of junior college opportunity, this may cause an increase in the percent participating for 24 months. Those enlistees participating in the program for 36 months would need to be highly future-oriented from the outset and based on the composition of age, marital status and educational background of enlistees, it is assumed that a smaller number would consider this option. Clearly, the participation rate assumptions are highly speculative. The cost for administering this program, assuming no capital expenditures for a centralized computer center, data storage and maintenance systems, or communications network needed to communicate DOD withholding for participants, is estimated at $1.1 million in 1977. Outyear projections are based on CBO economic assumptions.

TITLE V

[In millions of dollars]

	Fiscal year—				
	1977	1978	1979	1980	1981
S. 501:					
Budget authorization	81.5	74.9	70.0	65.3	60.3
Outlays	81.5	74.9	70.0	65.3	60.3
S. 508:					
Budget authorization	5.5	5.0	4.7	4.4	4.0
Outlays	5.5	5.0	4.7	4.4	4.0

The cost estimate for increased benefits for correspondence and on-the-job training programs is based on the same assumptions utilized in estimating title II of this bill.

Section 508 calls for an increase in payments to educational institutions for each eligible person in lieu of any other compensation for required reports and/or certifications.

Several sections (501, 505, 506, 507, 511, and 513) in title V of this bill attempt to tighten controls and strengthen the requirements in the present correspondence and on-the-job training programs. Clearly, these sections should reduce abuses of VA benefits and, depending on the administrative organization to incorporate these restrictions, cost savings may or may not result. Because of the lack of information and uncertainty surrounding the effects of these sections, no cost or cost savings numbers are estimated.

TITLE VI

[In millions of dollars]

	Fiscal year—				
	1977	1978	1979	1980	1981
S. 601:					
Budget authorization	0.3	0.3	0.3	0.4	0.4
Outlays	.3	.3	.3	.4	.4

Dollars designated above are for an Assistant Secretary of Labor for Veterans' Employment, two secretaries, a staff of five, fringe benefits, and expense money to carry out their duties. Expense dollars are estimated to be a percentage of salaries and fringe dollars in line with Labor-Management Services Administration numbers. The dollars are inflated for outyears based on CBO estimates.

6. Estimate comparison: Although there are considerable differences in the methodological approaches of CBO and VA, the end results for the 8 percent increase in benefits are virtually the same.

The methodology for the 9-month extensions in sections 203 and 303 are markedly different between the two organizations. A full explanation of CBO's methodology is set forth in section 5 of the cost estimate. The VA assumes 3 percent of the present trainees and 10 percent of all terminated and/or veterans whose benefits have been

378

exhausted would benefit from this extension. This second number is then reduced for undergraduate trainees, summed and multiplied by the VA estimate of average cost. There is no argument as to the procedures once the trainee numbers are derived, but the basis for the 3 percent and 10 percent assumption is unclear.

CBO estimates the cost savings under section 205 to be considerably higher than that indicated by the VA. The reason for this is due to the number of trainees affected, which is a much lower projection in the VA estimate. It seems reasonable to assume CBO's interpretation of this section represents a gross cost savings ignoring the possible substitution effects of those veterans transferring into other eligible programs, whereas the VA estimate appears to be an estimate of net savings generated by the elimination of the flight training programs.

VA dollars for tutorial assistance are marginally higher than CBO estimates due to minor variations in the projected number receiving tutorial assistance and the average yearly support payments.

Considerable variance exists in the two cost savings estimates for section 403, the suspension of the old GI bill. CBO methodology for this section is discussed in a preceding section of this cost estimate. CBO expects no (or nominal) cost savings in fiscal year 1977, as the effects of ineligible veteran separations could not be felt immediately. VA methodology starts with the same base number of ineligible veterans and applies approximately the same participation rates as CBO, but it does not mention any application of retention rates to the numbers. This seems to be the only readily apparent reason for the expected higher cost savings generated in the VA estimates.

In order to estimate the costs of section 404 of chapter 32, the VA assumes that 10 percent of all eligible servicemen will contribute an average of $60 per month for 30 months. It is further assumed that 10 percent of those would withdraw from the program.

The important difference between the CBO and VA estimate is that the VA estimate is at the aggregate level, and in so being, it must make general assumptions regarding overall participation and retention rates. CBO estimates are made for each year of contribution based on individualized yearly assumptions, and then summed to find total trainees and dollars. Also, because dollars will be collected from servicemen choosing to contribute in their first year, receipts and therefore net savings will be realized in fiscal year 1977.

7. Previous CBO estimate: None.

8. Estimate prepared by: Patricia L. Pacey (225-4972).

9. Estimate approved by: James L. Blum, Assistant Director for Budget Analysis.

[No. 127]

COMMITTEE ON VETERANS' AFFAIRS, U.S. SENATE

Executive Office of the President,
Office of Management and Budget,
Washington, D.C., August 4, 1976.

Hon. Vance Hartke,
Chairman, Committee on Veterans' Affairs,
U.S. Senate, Washington, D.C.

Dear Mr. Chairman: This letter is in response to your request of July 6, 1976, for the views of this office on Amendment No. 2005 to S. 969, the "Veterans' Education and Employment Assistance Act of 1976." This legislation would, among other things, raise benefit rates under the GI bill by 8 percent; terminate the current GI bill for individuals entering the armed services on or after January 1, 1977; establish a new contributory-matching GI bill education program for the peacetime, All-Volunteer Force entrants after that date; and extend basic veterans' educational assistance entitlement from 36 to 45 months.

The Veterans' Administration and the Departments of Defense and Labor have reported their views on Amendment No. 2005 to your Committee. We concur in the views presented in those reports.

Accordingly, with respect to the major provisions, we favor the proposed benefit rate increases, and—in line with the President's recommendation—strongly support the provisions to terminate chapter 34 GI bill benefits for future entrants into the peacetime, All-Volunteer Force, with the amendments suggested by the Veterans' Administration. In addition, we concur in the opposition expressed in the reports of the Veterans' Administration and the Department of Defense to the establishment in the VA of an education program for future entrants into a peacetime All-Volunteer Force. We are also opposed to the costly and unwarranted extension of educational benefit entitlements beyond the present 36-month period which, as VA noted in its report, is sufficient time to complete an undergraduate degree or vocational program.

As VA indicated in its report, the primary purpose of all GI bill education programs has been to help veterans readjust from military to civilian life by helping them get an education they might have gotten had they not served their country in wartime. We would note that the Administration's positions on these and other features of the bill reflect support for those provisions which are consistent with this basic objective, and opposition to those that cannot be justified in terms of the readjustment benefits concept. Given the fact that Federal funds are not unlimited and veterans programs must compete for funding with programs designed to meet other national needs, it would seem to ill-serve the Nation's veterans to legislate programmatically unjustified changes in GI bill benefits which are likely to result in substantial uncontrollable expenditures for years to come.

In sum, we urge the Committee to act promptly on termination of the Vietnam-era veterans' education program, as recently called for again by the President in his message on unenacted legislation, and recommend that Amendment No. 2005 to S. 969 be amended as suggested in the agency reports referred to above.

Sincerely,

JAMES M. FREY,
Assistant Director for Legislative Reference.

[No. 138]

COMMITTEE ON VETERANS' AFFAIRS, U.S. SENATE

Congress of the United States,
Congressional Budget Office,
Washington, D.C., September 9, 1976.

Hon. Vance Hartke,
Chairman, Committee on Veterans' Affairs,
U.S. Senate, Washington, D.C.

Dear Mr. Chairman: Pursuant to section 403 of the Congressional Budget Act of 1974, the Congressional Budget Office has prepared the attached revised cost estimate for S. 969, the Veterans' Education and Employment Assistance Act of 1976.

Should the Committee so desire, we would be pleased to provide further details on the attached revised cost estimate.

Sincerely,

Alice M. Rivlin, *Director.*

Attachment.

Congressional Budget Office Revised Cost Estimate

1. Bill number: S. 969.
2. Bill title: Veterans' Education and Employment Assistance Act of 1976.
3. Purposes of bill: To provide more adequate educational and employment assistance for veterans by increases in: (1) Readjustment benefits, (2) tutorial assistance, and (3) entitlement extensions. This bill also initiates a new contributory vesting program for peacetime veterans' educational assistance and phases out the old GI bill.
4. Cost estimate:

[In millions of dollars; fiscal years]

	1977	1978	1979	1980	1981
Title I—					
Budget authority	6.3	6.1	6.0	5.8	5.6
Outlays	6.3	6.1	6.0	5.8	5.6
Title II—					
Budget authority	376.5	344.5	324.5	303.3	282.1
Outlays	376.5	344.5	324.5	303.3	282.1
Title III—					
Budget authority	26.0	25.8	25.6	25.3	25.3
Outlays	26.0	25.8	25.6	25.3	25.3
Title IV—					
Budget authority	22.5	69.1	100.5	3.3	−204.7
Outlays	1.1	−.5	−7.2	−20.2	−117.0
Receipts	−22.5	−71.6	−134.2	−165.4	−194.0
Title V—					
Budget authority	85.2	78.9	74.6	70.5	66.2
Outlays	85.2	78.9	74.6	70.5	66.2
Title VI—					
Budget authority	.3	.3	.3	.4	.4
Outlays	.3	.3	.3	.4	.4
Total:					
Budget authority	516.8	524.7	531.5	408.6	174.9
Outlays	495.4	455.1	423.8	385.1	262.6
Receipts	−22.5	−71.6	−134.2	−165.4	−194.0

5. Basis for estimate:

Title I

[In millions of dollars; fiscal years]

	1977	1978	1979	1980	1981
Sec. 101—					
Budget authority	4.7	4.6	4.6	4.5	4.4
Outlays	4.7	4.6	4.6	4.5	4.4
Sec. 102—					
Budget authority	1.6	1.5	1.4	1.3	1.2
Outlays	1.6	1.5	1.4	1.3	1.2

The table above shows the cost estimate for the 8 percent incremental increase authorized by this bill for disabled veterans under chapter 31 of title 38, U.S.C. It is based on Veterans' Administration (VA) projections of eligible disabled and totally disabled trainees to be, respectively:

	Fiscal year—				
	1977	1978	1979	1980	1981
Trainees in—					
Sec. 101	28,500	28,300	27,900	27,500	26,900
Sec. 102	475	450	425	400	375

The average yearly benefit paid to the totally disabled veterans utilizing educational assistance is taken from 1975 actual expenditures of "The Budget of the U.S. Government, Fiscal 1977" and adjusted for the September 1, 1974 increase and utilizing it to fiscal years 1977–81. The average yearly benefit of those disabled veterans in section 101 is strictly for subsistence and is calculated by the VA to be $2,046. It is assumed here and throughout the entire cost estimate that average yearly benefits are not automatically increased and that dependency rates (number of dependents per trainee) will remain constant at 1.2 unless otherwise specified.

Title II

[In millions of dollars; fiscal years]

	1977	1978	1979	1980	1981
Sec. 201—					
Budget authority	299.0	274.4	257.7	240.8	223.9
Outlays	299.0	274.4	257.7	240.8	223.9
Sec. 203—					
Budget authority	108.6	99.6	93.6	87.4	81.3
Outlays	108.6	99.6	93.6	87.4	81.3
Sec. 205—					
Budget authority	.2	.2	.2	.2	.2
Outlays	.2	.2	.2	.2	.2
Sec. 207—					
Budget authority	−31.6	−30.0	−27.3	−25.4	−23.6
Outlays	−31.6	−30.0	−27.3	−25.4	−23.6
Sec. 210—					
Budget authority	.3	.3	.3	.3	.3
Outlays	.3	.3	.3	.3	.3

Summing the costs of sections 201, 203, 205, 207, and 210 gives us the cost estimate for title II of S. 969. Section 201 consists of the dollars for the 8 percent increase in readjustment benefits for veterans' training in institutions of higher learning and farm cooperatives. Based on updated information from the VA, a downward revision in the total number of trainees is reflected in the table below:

	Fiscal year—				
	1977	1978	1979	1980	1981
Trainees	2,547,500	2,337,200	2,195,500	2,051,500	1,907,700

According to VA records, the average number of months enrolled in school is 7.0 to 7.5; 63.5 percent of those enrolled are full-time students; and 78.5 percent to all trainees are entitled to benefits under section 201. Again, assuming dependency rates constant, average monthly benefits for full- and part-time trainees in college and non-college programs are then calculated.

Section 203 consists of essentially two parts—those in undergraduate school who will now go on to graduate studies because of the 9-month extension, and those veterans already in graduate school who will now become eligible for extended benefits. Using various VA publications, we found 23.3 percent and 7.4 percent of veterans in training were enrolled in 4-year degree and graduate degree programs, respectively. An Office of Education survey shows that 25 percent of all undergraduate students go on to graduate school. Although past statistics indicate only 11 percent of all veterans pursuing higher education enter graduate school, it seems reasonable to assume that if benefits were extended, the percentage of veterans in graduate studies would be similar to that of the general student population. As for those veterans already in graduate programs, we assume 10 percent would need to take advantage of the extended benefits, although the VA estimates that only 5 percent of all eligible veterans fully utilize their benefits. In order to find a more appropriate percentage utilization number, it is defensible to eliminate junior college enrollments, that is half the eligible veterans, since historical information indicates the majority to be terminal degrees. Justification for this can also be made on the grounds that a large number of veterans enrolled in school had 1 to 2 years of college before their discharges. This would enable them to go into graduate studies using their original 36 months of benefits. Since an extremely small percentage go on for advanced graduate degrees, thereby needing extended benefits, it seems reasonable that the percentage utilizing the extension should be small. Finally, total trainees are summed, converted into FTE's, and the average 9-month benefit applied to find the total cost for section 203.

Section 205 provides for a study to evaluate the extent to which vocational objective schools are in compliance with placement requirements for their trainees. The cost estimate for this section is based on a CBO cost estimate of a similar type of study dealing with Disability and Indemnity Compensation.

According to an extensive study made by GAO entitled, "Educational Assistance Overpayments, a Billion Dollar Problem—A look at the Causes, Solutions, and Collection Efforts", the elimination of manual verification procedures of the VA could accelerate the processing of trainee status changes. In so doing, GAO estimates administrative cost savings of $600,000 annually as well as an 11 percent reduction in overpayments. Assuming payments to beneficiaries in chapters 34 and 35 are similarly distributed, the cost savings can be divided proportionately between title II, section 207 and title III, section 307 of this bill.

The number receiving tutorial assistance for section 210 is assumed stable at 11,500 with an average quarterly benefit of $82.

Title III

[In millions of dollars; fiscal years]

	1977	1978	1979	1980	1981
Sec. 301—					
Budget authority	16.5	16.4	16.2	16.1	16.0
Outlays	16.5	16.4	16.2	16.1	16.0
Sec. 303—					
Budget authority	11.1	11.0	11.0	10.3	10.8
Outlays	11.1	11.0	11.0	10.8	10.8
Sec. 307—					
Budget authority	−1.6	−1.5	−1.6	−1.6	−1.5
Outlays	−1.6	−1.6	−1.6	−1.6	−1.5

The cost of an 8 percent incremental increase for section 301, surviving spouses and dependents, is computed in the same manner as earlier sections of this bill and is shown in the above table. The total number of surviving spouses and dependents is based on the 1975–76 VA projections as:

	Fiscal year—				
	1977	1978	1979	1980	1981
Surviving spouse	87,200	87,200	86,400	86,100	85,700
Dependents	24,000	23,500	23,000	22,500	22,000

The cost estimate of section 303, the 9-month extension for graduate work for surviving spouses and dependents, includes both the total dollars for average yearly benefits paid plus the 8 percent requested increase in benefits. The explanation for section 307 is the same as stated earlier for section 207.

Title IV

[In millions of dollars; fiscal years]

	1977	1978	1979	1980	1981
Sec. 403—					
Budget authority		−2.5	−33.7	−162.1	−398.7
Outlays		−2.5	−33.7	−162.1	−398.7
Sec. 404—					
Budget authority	22.5	71.6	134.2	165.4	194.0
Outlays	1.1	2.0	26.5	141.9	281.7
Receipts	−22.5	−71.6	−134.2	−165.4	−194.0

Savings from the old GI bill will be realized by the separatees without service before January 1, 1977. The projected net separations after this date and the percentage of veterans entering training are extracted from various VA publications. CBO assumed retention rates to be 75 percent, 60 percent, and 45 percent for the first, second, and third years, respectively. Applying the earlier assumptions of constant dependency rates, average number of months enrolled in school, and average yearly benefits, the total number of trainees in this category is converted into FTE's and a total dollar savings is derived.

Under section 404, the total number of veterans eligible for the new contributory vesting educational assistance program is also based on the 1976 projected net separations made by the VA. It is assumed that 10 percent of the enlistees will contribute for 12 months; 15 percent for 24 months; 10 percent for 36 months; and the average monthly contribution will be $62.50. Because information is highly speculative, it seems reasonably safe to assume an even distribution and therefore, a mean (average monthly) contribution of $62.50. Also, it is assumed that the veteran will use 9 months of benefits each year after his separation; therefore, any veteran contributing for 12 months will use 9 months in the first year following separation, 3 months the second year, if contributed for 24 months, 9 months in each of the first 2 years used, and 6 months in the third year, etc.

A survey by the Department of Defense regarding servicemen's intentions of utilizing the old "free" GI bill, found:

(1) 20 percent of the new enlistees planned to use their benefits;
(2) After 3 years in the military, 60 percent of them planned to use their benefits; and
(3) Approximately 58 percent of the veterans use their GI benefits.

Because the new educational assistance program involves a rather high out-of-pocket cost to the new enlistee, it is reasonable to assume something considerably less than the 20 percent who would have used free benefits, would join the program. As information regarding the program date draws near, more servicemen may look toward the future and enter the program. Especially in light of the rise of junior college opportunity, this may cause an increase in the percent participating for 24 months. Those enlistees participating in the program for 36 months would need to be highly future-oriented from the outset and based on the composition of age, marital status and educational background of enlistees, it is assumed that a smaller number would consider this option. Clearly, the participation rate assumptions are highly speculative. The cost for administering this program, assuming no capital expenditures for a centralized computer center, data storage and maintenance systems, or communications network needed to communicate DoD withholding for participants, is estimated at $1.1 million in 1977. Outyear projections are based on CBO economic assumptions.

Title V

[In millions of dollars; fiscal years]

	1977	1978	1979	1980	1981
Sec. 501—					
Budget authority	75.8	69.6	65.3	61.1	56.8
Outlays	75.8	69.6	65.3	61.1	56.8
Sec. 508—					
Budget authority	5.1	4.7	4.3	4.1	3.8
Outlays	5.1	4.7	4.3	4.1	3.8
Sec. 512—					
Budget authority	4.3	4.6	5.0	5.3	5.6
Outlays	4.3	4.6	5.0	5.3	5.6

The cost estimate for increased benefits for correspondence and on-the-job training programs is based on the same assumptions utilized in estimating title II of this bill, except for the dependency rate.

Section 502 increases the ceiling on the loans a veteran can borrow from $600 to $2,000. Should the average loan increase, outlays would increase, but it is estimated that the VA revolving loan fund has sufficient resources to accommodate any additional demands for loans.

Section 508 calls for an increase in payments to educational institutions for each eligible person in lieu of any other compensation for required reports and/or certifications.

Section 512 authorizes an extensive compliance survey of each institution offering courses that do not lead to a standard college degree. The VA estimate for this survey was $3.4 million, but only took account of salary and travel dollars. The CBO estimate is higher because it includes an additional 25 percent for operating expenses.

Several sections (504, 505, 506, 507, 511, and 513) in title V of this bill attempt to tighten controls and strengthen the requirements in the present correspondence and on-the-job training programs. Clearly, these sections should reduce abuses of VA benefits and, depending on the administrative organization to incorporate these restrictions, cost savings may or may not result. Because of the lack of information and uncertainty surrounding the effects of these sections, no cost or cost savings numbers are estimated.

Title VI

[In millions of dollars

	Fiscal year—				
	1977	1978	1979	1980	1981
Sec. 601—					
Budget authority	0.3	0.3	0.3	0.4	0.4
Outlays	.3	.3	.3	.4	.4

Dollars designated above are for an Assistant Secretary of Labor for Veterans' Employment, two secretaries, a staff of five, fringe benefits, and expense money to carry out their duties. Expense dollars are estimated to be a percentage of salaries and fringe dollars in line with Labor-Management Services Administration numbers. The dollars are inflated for outyears based on CBO estimates.

6. Estimate comparison: Although there are considerable differences in the methodological approaches of CBO and the VA, the end results for the eight percent increase in benefits are virtually the same.

The methodology for the 9-month extensions in sections 203 and 303 are markedly different between the two organizations. A full explanation of CBO's methodology is set forth in section 5 of the cost estimate. The VA assumes 3 percent of the present trainees and 10 percent of all terminated and/or veterans whose benefits have been exhausted would benefit from this extension. This second number is then reduced for undergraduate trainees, summed and multiplied by the VA estimate of average cost. There is no argument as to the procedures once the trainee numbers are derived, but the basis for the 3 percent and 10 percent assumption is unclear.

VA dollars for tutorial assistance are marginally higher than CBO estimates due to minor variations in the projected number receiving tutorial assistance and the average yearly support payments.

Considerable variance exists in the two cost savings estimates for section 403, the suspension of the old GI bill. CBO methodology for this section is discussed in a preceding section of this cost estimate. CBO expects no (or nominal) cost savings in fiscal year 1977, as the effects of ineligible veteran separations could not be felt immediately. VA methodology starts with the same base number of ineligible veterans and applies approximately the same participation rates as CBO, but it does not mention any application of retention rates to the numbers. This seems to be the only readily apparent reason for the expected higher cost savings generated in the VA estimates.

In order to estimate the costs of section 404 of chapter 32, the VA assumes that 10 percent of all eligible servicemen will contribute an average of $60 per month for 30 months. It is further assumed that 10 percent of those would withdraw from the program.

The important difference between the CBO and VA estimates is that the VA estimate is at the aggregate level, and in so being, it must make general assumptions regarding overall participation and retention rates. CBO estimates are made for each year of contribution based on individualized yearly assumptions, and then summed to find total trainees and dollars. Also, because dollars will be collected from servicemen choosing to contribute in their first year, receipts and therefore net savings will be realized in fiscal year 1977.

7. Previous CBO estimate: On August 4, 1976, a CBO cost estimate was prepared of an earlier version of S. 969.

8. Estimate prepared by: Patricia L. Pacey.

9. Estimate approved by:

James L. Blum,
Assistant Director for Budget Analysis.

WALTER F. MONDALE
MINNESOTA

United States Senate
WASHINGTON, D.C. 20510

July 1, 1976

The Honorable Vance Hartke
Chairman
Senate Committee on Veterans' Affairs
414 Russell Senate Office Building
Washington, DC 20510

Dear Vance:

As the Committee on Veterans' Affairs considers legislation during the next few weeks to make improvements in the system of educational benefits available under the GI Bill, I hope you will include in your committee bill an extension of entitlement from 36 months to 45 months for students enrolled in "farm cooperative" programs.

Farm management is an increasingly sophisticated and complex field of training, and many young veteran farmers find that in 36 months of training they cannot learn enough to manage successfully a modern agricultural enterprise. Today's young farmer must learn such diverse subjects as financial management, commodity marketing, agronomy, fertilizer and chemical use, tax management, and a host of others. It is simply impossible to learn all this material well in just three years.

A study of adult farm management training conducted by scholars at the University of Minnesota Institute of Agriculture has shown that a longer period of training is needed. The evidence shows that a farmer studying management techniques can increase his earnings slightly at the very beginning of a training program by applying technological improvements. The student-farmer's earnings then typically level off or even decline slightly for two or three years while the management of the farm enterprise is reorganized and improved. Finally, earnings turn upward and climb substantially during the fifth and sixth years as the reorganized farm is managed according to principles taught in the program.

No young veteran faces more difficulty in readjustment to civilian economic life than the one who is trying to make it as an independent family farmer. Additional educational benefits could help him a great deal. I hope the Committee will seriously consider this need and provide for the increased entitlement in its bill.

With warmest personal regards.

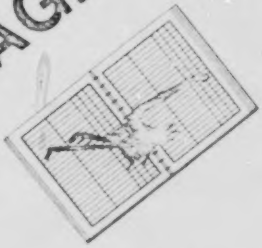
Sincerely,

Walter F. Mondale

cc: Members of the Senate Committee
on Veterans' Affairs

3011

FARM BUSINESS MANAGEMENT



Investments in Education for Farmers

Reprinted April 1975

DIVISION OF AGRICULTURAL EDUCATION
130 Classroom-Office Building
University of Minnesota
St. Paul, Minnesota 55108

AN ADULT EDUCATIONAL PROGRAM

3012

INVESTMENTS IN EDUCATION FOR FARMERS

Summary of an Economic Study
of the Investment Effects of Education in Agriculture

Edgar A. Persons
Gordon I. Swanson
Howard H. Kittleson
Gary W. Leske

The University of Minnesota

St. Paul, Minnesota

January 1968

Reprinted - September 1970

Research Report

Project No. 427-65
Contract No. 6-85-091

The research reported herein was performed pursuant to a contract with the Office of Education, U.S. Department of Health, Education, and Welfare. Contractors undertaking such projects under Government sponsorship are encouraged to express freely their professional judgment in the conduct of the project. Points of view or opinions stated do not, therefore, necessarily represent official Office of Education position or policy.

U.S. DEPARTMENT OF
HEALTH, EDUCATION, AND WELFARE

Office of Education
Bureau of Research

TABLE OF CONTENTS

	Page
LIST OF TABLES.	ii
LIST OF FIGURES	iii
ACKNOWLEDGMENTS.	iv
FOREWORD.	v
HIGH LIGHTS OF THE REPORT	vi
INTRODUCTION.	1
STUDY OF ECONOMIC RETURNS TO INVESTMENTS IN EDUCATION	3
RESULTS OF OTHER STUDIES OF RETURNS TO ADULT EDUCATION. . . .	5
INTERPRETING THE EVALUATION OF THE FARM MANAGEMENT PROGRAM. .	7
EXPECTED RETURNS TO INSTRUCTION	7
LABOR EARNINGS.	8
RETURN TO CAPITAL AND FAMILY LABOR.	11
TOTAL FARM SALES.	14
DECISION TO PARTICIPATE	14
BENEFIT-COST DETERMINATIONS FOR FARM OPERATORS.	14
COSTS TO THE FARMER	18
THE FARMER'S BENEFIT-COST RATIO	20
DETERMINING BENEFIT-COST RATIOS FOR THE COMMUNITY	20
CONCLUSIONS AND IMPLICATIONS.	25

LIST OF TABLES

Table | Page

1. Means and Indicies of Farm Records Analyzed in 1965. 4

2. Means and Indicies of Farm Records Analyzed in 1962. 5

3. Discounted Benefits of Education to Farm Families Enrolled in "Well-Organized" Farm Business Management Education Programs Based Upon Labor Earnings Adjusted for Taxes 17

4. Discounted Costs of Farmers Enrolled in "Well-Organized" Farm Management Education Programs. . . . 19

5. Community Benefits from Farm Business Management Education Program for Fifty-One Families 21

6. Annual Community School Operating Costs for a Farm Management Program Employing One Full-Time Adult Instructor. 23

7. Capital Outlay for Farm Business Management Program. 24

8. Marginal Farm Sales Associated with Enrollment in Farm Business Management Education. 25

LIST OF FIGURES

Figure Page

1. Relationship Between Mean Labor Earnings and Adult Farm Business Management Education 9

2. Relationship Between Indexed Mean Labor Earnings and Adult Farm Business Management Education 10

3. Relationship Between Mean Return to Capital and Family Labor and Adult Farm Business Management Education. 12

4. Relationship Between Indexed Mean Return to Capital and Family Labor and Adult Farm Business Management Education 13

5. Relationship Between Mean Total Farm Sales and Adult Farm Management Education. 15

6. Relationship Between Indexed Mean Total Farm Sales and Adult Farm Management Education. 16

ACKNOWLEDGEMENTS

"Investments in Education for Farmers" is a summary of "An Economic Study of the Investment Effects of Education in Agriculture" prepared by the Agricultural Education Department, College of Education, University of Minnesota, as the final report of USOE Research Project 427-65.

The authors express appreciation to the Department of Agricultural Economics of the University of Minnesota and to the vocational-agriculture farm business record analysis centers of the area vocational-technical schools for permitting access to the farm business record analyses upon which the study is based.

FOREWORD

This study is one in a series of pioneering efforts to determine more precisely the outcomes of education. More specifically, it is an effort to describe the relationships between educational inputs and economic outcomes.

While the study is highly specific with reference to an adult education program in agriculture, it has relevance to the total field of education. It has special significance at this time when the benefit-cost ratios in educational endeavor are being raised for examination. In a way this study is a "natural" since it utilizes a source of data not heretofore available for researchers in agricultural education.

The authors of this report are to be commended for the new knowledge they have added to the field. As always, when one question is answered, several more spring up. In this frame of reference, this study might well lay a claim to having a part in the knowledge explosion about which so much is said these days.

In any event, the results of this piece of research deserve the very special attention of all those responsible for conducting, planning, supervising and administering educational programs, particularly in the field of vocational-technical education.

Milo J. Peterson, Chairman
Department of Agricultural Education
University of Minnesota

HIGH LIGHTS OF THE REPORT

This research inquiry investigated the degree to which an educational investment is worthwhile for farmers in pursuit of individual and family goals and to the community in which such education is conducted. It examined the relationships among costs, benefits, and the time scale over which costs would be incurred and benefits derived. The educational investment was represented by an instructional program in farm business and resource management. Benefits were assessed by examining 3,518 business records of farmers who were enrolled in farm business management education in vocational-agriculture departments of Minnesota public schools from 1959-1965.

This inquiry was among the first, if not the first, to include a calculation of benefit-cost analysis of education for self-employed adults. A brief listing of its conclusions and implications follows:

1. In a benefit-cost analysis in which all direct and opportunity costs are calculated, and where all future benefits are discounted to present value, a farmer can expect to realize about four dollars of labor earnings for each dollar of investment in the educational programs described in this inquiry. This benefit-cost ratio of 4:1 does not include benefits or returns which are non-monetary.

2. In a benefit-cost analysis in which the benefits to the community are calculated as the aggregate rise in farm labor earnings and where the costs include the aggregate costs borne by the community, the benefit-cost ratio is approximately 2:1. This is an excessively conservative estimate since it does not include as benefits the increase in business activity which derives from expanded farm sales, nor does it include a community benefit which derives from an expanding tax base. A benefit-cost ratio which includes farm sales as a measure of business activity is 9:1. Inclusion of measures of increased tax base or other less tangible monetary benefits result in an even greater benefit-cost ratio.

3. An important aspect of the study was a determination of whether the educational investment demonstrated the economic phenomenon of a diminishing marginal return effect over a given time scale. A time scale of eight years, the arbitrary period over which all benefit-cost ratios were calculated, was used. In the first three years of management instruction, there were rapid gains in farm income which derived from the adaptation of modern technology. Diminishing marginal returns occurred as farmers reached practical ceilings to their capacity to employ technological improvements on existing enterprise combinations. During the fourth and fifth years of instruction, farmers reorganized and reallocated their productive resources to revised enterprise combinations. From the sixth to the eight year of instruction, farm income increased

sharply and dramatically and continued to rise at a steady rate in the remaining two years reported in this study. The conclusions and implications from this information are that diminishing marginal return effects are observable in educational investments but that these effects may also be manageable.

4. With an instruction program in which the benefit-cost ratio is higher than 1, the plotted curve of marginal returns becomes, in effect, an expression of the psychological phenomenon known as the learning curve. The response to education curve accelerates rapidly, declines to a plateau and again rises sharply as continued educational investments are made. The response curves may be manageable since they depend upon the variables which affect the learning situation. Increasing the intensity of the initial three years of instruction and providing similar instruction in the years which follow may increase the initial response to educational investment and reduce the time span during which declines in response may occur.

5. This study, as with all similar inquiries involving benefit-cost analysis, sought to answer the following questions: Does it pay? For whom? Under what conditions? The results indicate that no agricultural community can afford to be without an educational input that will yield as high a return on the investment as is demonstrated in this analysis. As shown in Items 1 and 2 above, the return is high to both the individual participant, and to the community. But the conditions are rigorous; the return is based upon a highly-structured educational program. The educational program must be goal directed and the enrolled participants must have a high degree of "goals consciousness." This study was rigorous in its definition of a "well-organized"* educational program.

---

* See page 7 for the definition of "well-organized."

INVESTMENTS IN EDUCATION FOR FARMERS

Introduction

Agriculture has provided a superior model to illustrate the value of research, the consequences of technological innovation, and the drama of accelerating output per worker. Agriculture in the aggregate, however, contains elements of an economic paradox. The industry has grown rapidly while individual farmers have not shared proportionately in the industry's growing wealth.

Farm operators have been quick to respond to the apparent needs of the industry by making sharp adjustments in the deployment of their resources. Operators now on farms are witnessing a marked increase in the substitutions between physical and human inputs. The proportion of total resource input which is allotted to the broad categories of land, labor, and capital is also changing. As the quantity of available land becomes fixed and competition from off-farm employment reduces the available labor sources, capital is deployed more freely as a substitute for the other two resources in scarce supply.

Substitution of larger amounts of capital clearly increases the problems of capital management, but it does not make the management of land and labor any less important to the successful operation of the farm business.

To depend wholly upon the adaptation of new technological processes or substitutes for human labor to improve the farm operator's economic plight ignores the contribution to income that may be made by management. Each major decision that the farm operator makes has an economic consequence. The value of technology and mechanization to the farm business is limited by the ability of the farm operator to choose the alternative courses of action best suited to his unique resource combinations. Adaptation of a particular set of packaged technology that has proven highly profitable for one farmer may result in minimum or even negative gains when selected by another farmer whose profile of resource allocation is appreciably different.

The decision-making process generally follows a pattern of (a) examining the current situation, (b) setting goals for family and farm, (c) examining the alternative decisions or plans that may lead toward accomplishment of goals, (d) choosing among the alternatives, (e) implementing the decision, and (f) evaluating the outcomes of the decision. Coping with the complexities of modern farm businesses requires that farm operators be well trained in this decision-making process. Further, it demands that they understand the economic consequences of their decisions.

Emphasis on improved farm management ability is neither new to agriculture nor innovative in vocational education. Since the decision-making process begins with an assessment of the current situation, programs that were designed to develop historical data on the farm business can be thought of as early efforts in farm management education. In Minnesota, the initial effort was made by the Department of Agricultural Economics. While initially the collection of farm business data was not primarily aimed at helping the individual farm operator in selecting alternatives for management decisions, the potential use of the farmer's own business record for that purpose soon became evident.

Beginning several decades ago, a farm business record summarization process was developed by the Department of Agricultural Economics at the University of Minnesota. It provided the farm cooperator with summary data that could be used to examine his current business situation as preparation for pending management decisions and as a means for evaluating previously implemented decisions. The usefulness of this management tool was recognized by farmers and instructors in the Institutional-on-Farm Training Programs conducted under PL 894, PL 550, PL 16, and PL 346 following World War II and the Korean conflict. Studies were made by the Department of Agricultural Education at the University of Minnesota to test the feasibility of using the business management emphasis in adult farmer education in the public school program of vocational agriculture. Encouraging results from these early studies coupled with the successful implementation of a number of pilot programs led to a widespread adaptation of a curriculum emphasis employing a farm management-business analysis orientation.

Adaptation of electronic computer technology to the farm business record summary improved the usefulness of the farm record as a management guide by speeding the record analysis procedure. Some pilot studies have also been made to determine the usefulness of various patterns of combining individual records for compiling data that may have application to specific types of farms (i.e., dairy farms, cattle feeder operations, cash crop farms, etc.). Work is now underway to improve and expand the analysis system so that it can be more effectively used as a teaching and management tool.

Currently, there are about sixty-five public high schools in Minnesota that employ special instructors for farm business management for farm operators. In addition, many other schools provide adult farm management instruction as an integral part of the total vocational-agriculture program. A typical pattern of operation for a school with one full-time adult instructor includes forty to sixty farmers enrolled in farm management education courses plus additional offerings emphasizing mechanized agriculture or farm production enterprises.

The farm management program consists of at least three and usually four distinct and separate classes. The courses are commonly titled "Farm Records and Accounts," "Farm Business Analysis," "Farm Organization," and "Advanced Farm Management." While course content may vary somewhat from school to school, the usual program will meet the following criteria:

1. There are regularly enrolled students in each course.
2. The course follows a systematic course of study with specific units taught as a part of each course.
3. The three (or four) year course follows a planned curricular pattern.
4. There should be continuity between courses with progression toward farm business reorganization, increased operating efficiency or other objectives which may be consistent with farm family goals.

5. On-farm instruction is an integral and systematically-organized part of the instructional program.

Individualized on-farm instruction is an essential element of an effective program. Successful teachers generally consider it necessary to meet with the farm family six or more times during the year in order to provide continuity of instruction and meaningful adaptation of classroom materials to unique farm situations. An ideal situation provides monthly on-farm instructional visits to farm families in their first year in the program; for second, third and subsequent years of enrollment, on-farm instruction may be slightly reduced. Frequency of visitation will depend upon the needs of the individual farm family. Many farm operators will demand more, rather than less, on-farm instruction as they make progress in the program.

Study of Economic Returns to Investments in Education

It was within the framework of the farm business management education programs conducted by the public schools through vocational-agriculture departments that the question of the precise returns to investment in education for farmers was first examined.

The decision to implement a program of farm business management education through the vocational-agriculture department of a public school should emerge from consideration of the probable tangible and intangible returns that will accrue to the individuals enrolled and also to the community which provides the setting as well as funds for program support. When estimates of the returns to these public and private sectors have been made, they must then be compared to the returns from alternative educational investments. The alternatives which offer the greatest return in tangible and intangible benefits should be given the highest priority in the allocation of educational resources.

Few educational programs provide a basis for determining the tangible benefits of instruction. Farm business management education is a unique example. Enrollment is contingent upon agreement by the farm family to keep an accurate and complete farm business record. Returns to education for those contemplating enrollment in a farm business management education program are roughly predictable from an examination of the recorded evidence of returns to recently-enrolled cooperators in the educational program.

Examination of returns to farm business management education provides an evaluation of the following questions:

1. What return can a farm operator expect from enrollment in a farm business management program in the local high school?

2. Does the return diminish with succeeding increments of instruction so that continuing investment in education for an individual reaches a point where it is no longer profitable?

3. Does the total benefit to the community exceed the community costs of program implementation and support?

To provide answers to these questions, researchers turned to the records of those who had been enrolled in vocational-agriculture farm business management education programs since 1959. Extreme care was taken to insure that the confidential nature of the record was not violated. Code numbers, rather than names, were assigned to all records to protect the identity of the individual farm record during the analysis of data. A total of 3,518 records were examined.

Any study of economic return is hampered by fluctuations that occur in price levels and general economic activity. Economic growth or change is frequently measured in terms of "constant dollars," a term that denotes a unit of buying power rather than monetary denomination. The techniques for computing the "constant dollar" may vary.

In this study the effects of price level variations and other economic factors were minimized by calculating index values for the measures of economic returns. The average financial success of farm operators whose farm records were analyzed for the first time in a particular year was arbitrarily assigned an index value of 100. Within the same year, the average success of farm operators whose records were analyzed for the second, third, or subsequent year was assigned an index value relative to the performance of the group whose records were analyzed for the first time. This technique is illustrated in Table 1 for the labor earnings reported in records analyzed in 1965.

Table 1. MEANS AND INDICES OF FARM RECORDS ANALYZED IN 1965.

	Years Analyzed				
	1	2	3	4	5
Mean Labor Earnings	$4,026	$5,429	$6,501	$5,326	$6,170
Labor Earnings Index	100	135	161	132	153

The example shows that the labor earnings of those whose records were analyzed for the second year were 135 per cent of those analyzed the first year. In periods of adverse prices or weather or adverse changes in the business cycle, there may have been low earnings in the initial analysis year. The 1962 analysis year is presented in Table 2 as an example.

An increase in labor earnings of $865 for farmers in the third analysis year results in an index of 130, while in 1965 (See Table 1), it required an increase of $1,200 to produce a similar index. Thus, the index system of examining the success of the farm business for a particular year is a reasonably accurate assessment of the financial success of farm operators with different farm record histories relative to those with no effective farm management instruction. The effects of some of the factors over which an operator has no control, but which cause wide variation in a farm operator's income from year to year, have been nullified in the computation of an index. Thus, the effect of farm business management instruction may be presented more objectively.

Table 2. MEANS AND INDICES OF FARM RECORDS ANALYZED IN 1962.

	Years Analyzed				
	1	2	3	4	5
Mean Labor Earnings	$2,903	$3,234	$3,768	$3,769	$3,009
Labor Earnings Index	100	111	130	130	104

Results of Other Studies of Returns to Adult Education

Dr. John Rolloff, a former Minnesota vocational-agriculture instructor, developed and tested a model for determining the influence of the farm business analysis phase of instruction in farm management upon factors of economic efficiency and understanding of economic principles of management.[1]

He used McCormick's test of basic profit maximizing principles as one measure of educational output.[2] To determine the measures of economic efficiency, Rolloff used two criteria: (1) the variables regularly used as measures of farm business management efficiency, and (2) the variables which were judged significant by experts.[3] The selected variables were gross income, net cash income, net farm income, net worth, net margin, operating ratio, overhead ratio, gross income per $1,000 invested, net farm income per $1,000 invested, gross income per man equivalent, and productive man work units per man equivalent.

---

[1] Rolloff, John A. "The Development of a Model Design to Assess Instruction in Terms of Economic Returns and the Understanding of Economic Principles." Unpublished Ph.D. dissertation, The Ohio State University, Columbus, 1966.

[2] McCormick, Floyd G. "Developing a Procedure for Evaluating Farm Understanding of Basic Profit Maximizing Principles." Ph.D. dissertation, The Ohio State University, 1964.

[3] Rolloff, "The Development of a Model Design to..." p. 43.

Using the first-year farm record as a base, measurements of changes in economic efficiency from year to year were made. The procedure assumed that the first year of instruction did not contribute to the managerial efficiency. Measures of earnings in the second year were adjusted for changes in economic and weather conditions by a correction factor based upon data from the Economic Research Service of the United States Department of Agriculture.

Rolloff used three criteria to select educational input variables: the inputs were regularly computed by teachers of vocational agriculture for state reports, the inputs were judged by experts as potent variables, and the inputs logically could be assigned a standarized monetary value per unit.

The local vocational-agriculture instructors were asked to report the contact hours (class time, farm management consultation at the school and on-farm instruction time). Through a time assessment procedure, he found the number of instructional hours and assigned a charge of $5 per unit based on reimbursement rates for vocational education in Ohio.

Rolloff concluded by presenting a positive mean dollar ratio of 1 to $2.16 between the 1965 costs of instruction and change in farm income between 1964 and 1965.

The model Rolloff presented was a contribution to the analysis of individual economic returns from instruction in farm business management. Because of the limits of his cost calculations, however, the significance of the results for individual or community decision making was rather limited.

Cvancara investigated the direction and degree to which measures of farm production responded to educational investments in Minnesota.[4] He studied two groups of farmers. Members of group A were enrolled in the Minnesota adult farm management education program in 1960, 1961, and 1962; those in group B received farm management instruction only during 1962. Thirty-three farm pairs were obtained by matching farms in group A with farms in group B on the basis of 1962 data: farm size (measured in work units), the combination of livestock and crop enterprises, and soil, climate, and topographical factors.

By comparing input costs of farm management instruction to the value of the output as measured by the average increases in cash income for group A versus group B in 1960 and 1961, Cvancara was able to determine the economic returns to investment in education. Group A farms increased their income $558.89 over group B farmers. He projected these returns by taking 50 farm units times $558.89 yielding $27,944.50 as the increase in cash income due to farm management instruction by one full-time vocational-agriculture instructor.

---

[4] Cvancara, Joseph G. "Input-Output Relationships Among Selected Intellectual Investments in Agriculture." Ph.D. Thesis, University of Minnesota, Minneapolis, 1964.

Cvancara studied the direction and relative magnitude of the cash-income-increase advantages of group A. Group A had an increase of \$1,179 (1961 vs. 1960) compared to a group B increase of \$403 per farm unit. By extending the procedure to 1962 vs. 1961 data, he showed that group A increased \$927 compared to \$1,629 for group B. He concluded that group B farms had the potential of increasing farm income and raised the question as to whether increases in farm income attributed to farm business management instruction might be subject to the diminishing returns effect.

Interpreting the Evaluation of the Farm Management Program

Because the nature of the educational input varied from school to school, there was a need to distinguish programs which were expected to provide more intensive educational inputs. These schools were designated as "well-organized" programs after meeting the following criteria:

1. The classes were taught by full-time instructors who had responsibility only for the adult program.

2. The programs were judged excellent by a panel of experts who considered two primary measures:
   a. The classes were oriented toward farm business management topics.
   b. The classes had a high degree of continuity.

Statistical procedures in the study report a measure of the accuracy of each analysis and, therefore, indicate the degree of confidence leading to generalizations or conclusions from the data. One common indicator, R^2, is called the coefficient of determination. This measure describes the proportion of the variation in one variable that is accountable to variation in other variables. For example, if the R^2 value of the relationship between labor earnings and cumulative years of instruction was .50, one half of the variation in labor earnings can be accounted for by variation in cumulative years of instruction. If the variables used for prediction of income accounted for all the variability in labor earnings, the R^2 would have a value of 1.00.

Most of the R^2 values in this study were in the range of .20 to .80.

Expected Returns to Instruction

"Well-organized" programs of farm business management instruction represent intensive, continuous investments under the guidance of a full-time instructor. Some communities may wish to initiate farm business management programs with only one-quarter to one-half time of one instructor devoted to the program. The "well-organized" programs have been used as a basis for explaining the relationship of education to farm income to permit schools to estimate the returns they may expect to accrue from a limited program. It is assumed that program organization and emphasis would be similar to "well-organized" programs even though the number of participants would be limited.

One of the primary purposes of this study was to determine whether the economic returns to adult farm business management were subject to the diminishing marginal returns effect. To study the nature of the changes in labor earnings, return to capital and family labor, and total farm sales, it was necessary to use statistical methods involving the use of curvilinear, or polynomial, equations. The equation which best described the relationship between years of participation measured by the number of farm business records analyzed and the various measures of economic returns are represented by diagrams in the material which follows.

Labor Earnings

Labor earnings should reflect the true return to operator's labor and management while compensating for differences in supply of family labor and capital investment. Svancara's study suggested the hypothesis that labor earnings would exhibit the diminishing marginal return effect with additional educational investments.[5]

Figure 1 illustrates the relationship between mean labor earnings and participation in farm business management education based upon farm families enrolled in "well-organized" programs conducted by full-time instructors. The mean value for the first year was $3,000. The value increased to nearly $4,000 in the second year and over $4,000 by the third year. After the third year, the values dropped but were still above the starting value of $3,000. The value in the sixth year was about $3,200 but then began increasing at an accelerated rate. By the tenth year, the mean labor earnings was up to $10,500. As the R^2 of .510 in Figure 1 shows, half the variance in labor earnings was accounted for by the number of years enrolled in farm business management education.

It was hypothesized that a plot of indexed mean labor earnings for participants in "well-organized" programs would be very similar to Figure 1. As Figure 2 illustrates, the fluctuation is more pronounced than in Figure 1. In the first year, the indexed mean value is close to 100. The second and third years show increases to almost 140. After the third year, the values gradually decrease to a minimum of about 110 in the seventh year. After the seventh year, the values increased sharply until by the tenth year the indexed mean labor earnings were about 2.4 times as great as the indexed values for the first year. The proportion of the variance accounted for by regression was about the same as in Figure 1; an R^2 of .404 was calculated for Figure 2.

It is possible that vocational educators may be alarmed with the apparent decline in economic response to increments of education during the fourth, fifth, and sixth years of farm business management education. The decline in expected labor earnings following the third year of instruction must be viewed in relation to the emphasis on improvement in the farm business organization and the natural temporary disruption of the profit-producing capacity of the farm business as adjustments are made in the deployment of resources.

---

[5] Ibid.

[6] While the first-year record averages were arbitrarily assigned a value of 100, the mathematical equation which describes the relationship of the variables shows the best-fitting line for the entire continuum of educational investment to be slightly less than 100 for the first year.

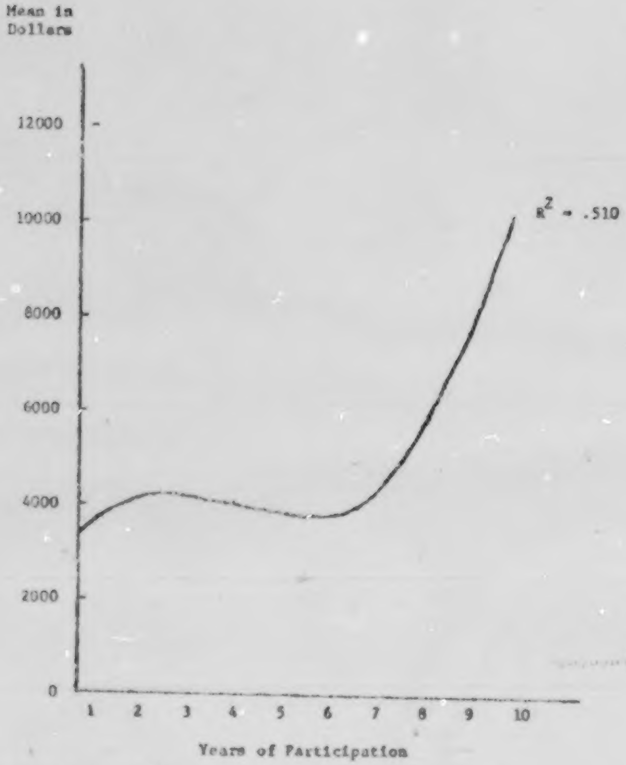


Figure 1. RELATIONSHIP BETWEEN MEAN LABOR EARNINGS AND ADULT FARM BUSINESS MANAGEMENT EDUCATION[a]

[a] Based upon farmers enrolled in "well-organized" adult programs conducted by full-time instructors.

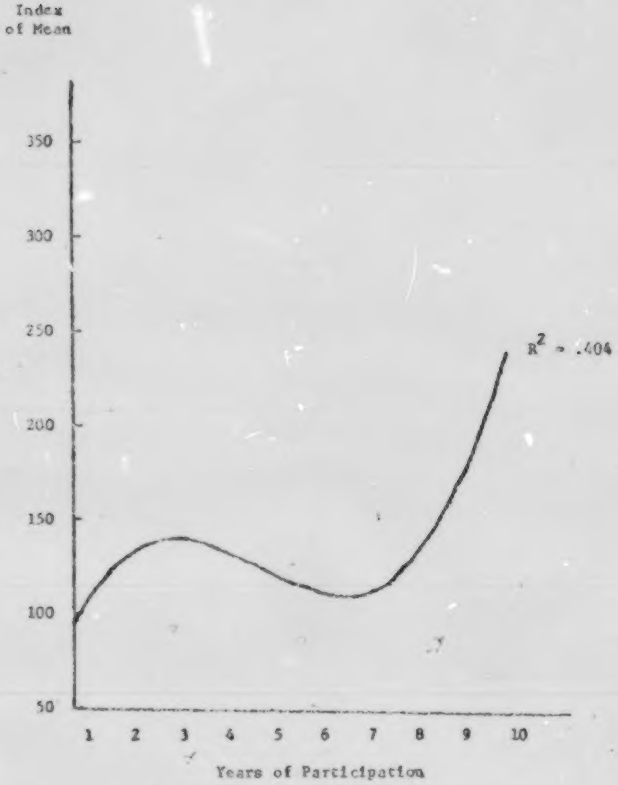


Figure 2. RELATIONSHIP BETWEEN INDEXED MEAN LABOR EARNINGS AND ADULT FARM BUSINESS MANAGEMENT EDUCATION[a]

---

[a] Based upon farmers enrolled in "well-organized" adult programs conducted by full-time instructors.

The initial changes made in farm business management as a result of management instruction and application of farm business analysis information are those which provide increased profits without major reallocation of resources. The obvious improvements in such things as rations for livestock, improved crop cultivation practices and chemical weed control make large initial contributions to farm income. The diminishing marginal return effect, however, places practical ceilings on farm earnings by adaptations of this kind of technology. Further improvement in income capacity requires examination of the allocation of resources and reorganization of vital production inputs.

Revisions in a farm business organization may be expected to cause a temporary disruption in the profit-producing mechanisms of the farm business. Even a revision in resource allocation which resulted in expansion of an enterprise would necessitate adaptation of technology on a larger scale than previously practiced and would at the same time be accompanied by expansion in capital investments. Response from such changes is often delayed as adjustments are made in business operation. At the same time, the operator becomes more skilled in management of the new or expanded enterprise. The rapid increase in earnings following the adjustment period is a natural response to expanded business capacity and improved management skills.

The discussion of return to capital and family labor and total farm sales, which follows, reinforces the assumptions made in describing the response of earnings to educational investment.

Return to Capital and Family Labor

Since labor earnings and return to capital and family labor are both measures of farm income, it might be expected that the general form of the relationship between mean return to capital and family labor and years of participation in farm business management education would be similar to that for labor earnings.

Figure 3 shows that the mean values of return to capital and family labor do not show an initial increase as did labor earnings in Figure 1. The first-year value was about $5,250. This figure decreased slightly in the second and third years. In the fourth year, the mean return to capital accelerated sharply. By the tenth year, the expected value was over $16,250. This marginal return represented an increase of approximately $11,000 over the value reported for the first year. Figure 3 shows that the farm business management education accounted for 22.9 per cent of the variance in return to capital and family labor.

It was assumed that the index of the mean return to capital and family labor for participants in "well-organized" programs would vary in much the same fashion as did the mean values reported in Figure 3. However, as Figure 4 shows, the best-fitting relationship between education and income was a straight line. The straight-line relationships started at an index value of approximately 80 in the first year and went to an index value of over 210 in the tenth year. The low R^2, .143, reduces the usefulness of this equation in predicting farm earnings.

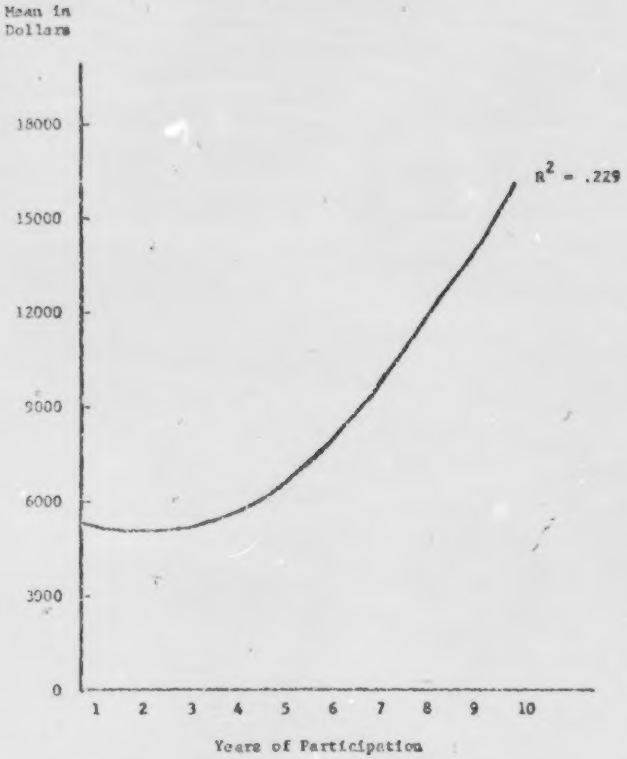


Figure 3. RELATIONSHIP BETWEEN MEAN RETURN TO CAPITAL AND FAMILY LABOR AND ADULT FARM BUSINESS MANAGEMENT EDUCATION[a]

[a] Based upon farmers enrolled in "well-organized" adult programs conducted by full-time instructors.

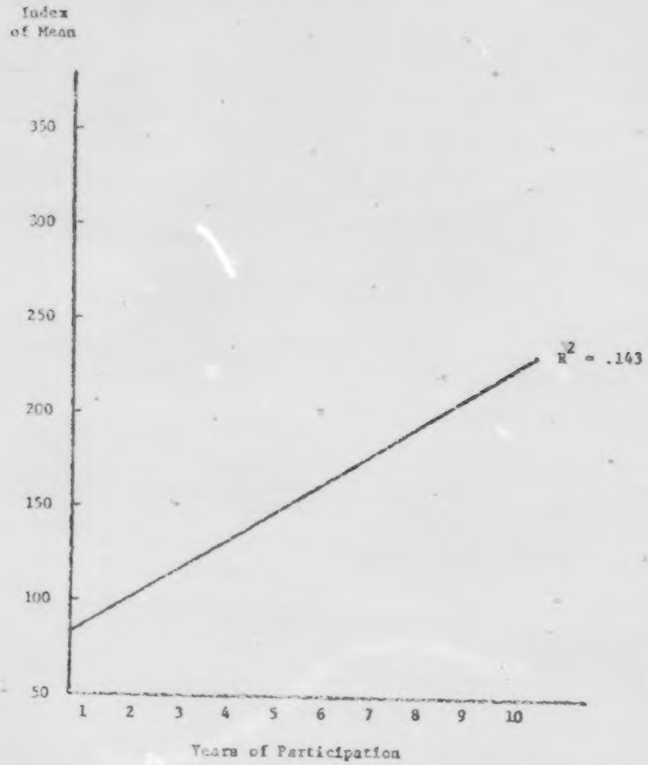


Figure 4. RELATIONSHIP BETWEEN INDEXED MEAN RETURN TO CAPITAL AND FAMILY LABOR AND ADULT FARM BUSINESS MANAGEMENT EDUCATION[a]

[a] Based upon farmers enrolled in "well-organized" adult programs conducted by full-time instructors.

Total Farm Sales

Because it has an effect not only on economic returns to the farmer but also to the community, total farm sales was an important measure of returns to investments in the adult farm business management education program. With Cvancara's study of income as the basis of expectation, a diminishing marginal returns effect was anticipated in mean total farm sales for farmers in "well-organized" programs.

The graph in Figure 5 reports an increase in mean sales from $19,000 to $21,000 in the first three years. Years three, four, and five have nearly the same value, but it increases at a sharply increasing rate with subsequent increments of educational investment. After ten years, the mean value was almost $67,000. This was $48,000 more than the mean sales for the first year. There was a strong relationship between farm sales and education as indicated by the R^2 value of .721.

It was expected that if the relationship between the index of mean total farm sales and years of participation were plotted for farmers in "well-organized" programs, the resulting graph would be similar to the graph of mean total farm sales. Starting at an index of 105, Figure 6 shows the value of the index of total farm sales to be about 120 after two years and then level off until the sixth year. The index of mean sales increased at an accelerated rate after the sixth year. With accuracy relatively high, as suggested by the R^2 of .679, the value of the index of total farm sales after ten years of instruction is more than 3.85 times the value computed in the first year.

Decision to Participate

A rational decision to enroll in farm management education classes is based upon the relationship of expected benefits to the expected costs. Farmers ask the inevitable question, "Does it pay?" Likewise, a community school contemplating the addition of an adult farm business management program must answer the same question, but must also consider the benefits the community may expect to receive from expenditures for salaries, supplies, capital outlay, and supporting services.

While both individuals and communities seek answers to the question, "Does it pay?", the factors which are included in calculating benefits and costs depend upon who is making the inquiry. In either case, the rational decision rule simply states: "The sum of the expected benefits, both economic and social, must exceed the expected costs." Should an analysis of an educational program provide data in terms of the decision rule, then the prospective enrollee or community need only to compare the benefit-cost ratio of the educational program to ratios which may be obtained by alternative choices of investment.

Benefit-Cost Determinations for Farm Operators

The data in this study provide a basis for estimates of monetary benefits by reporting the index of the mean value of labor earnings for each of the first ten years of participation in a farm business management education program. The first eight years have been arbitrarily chosen to

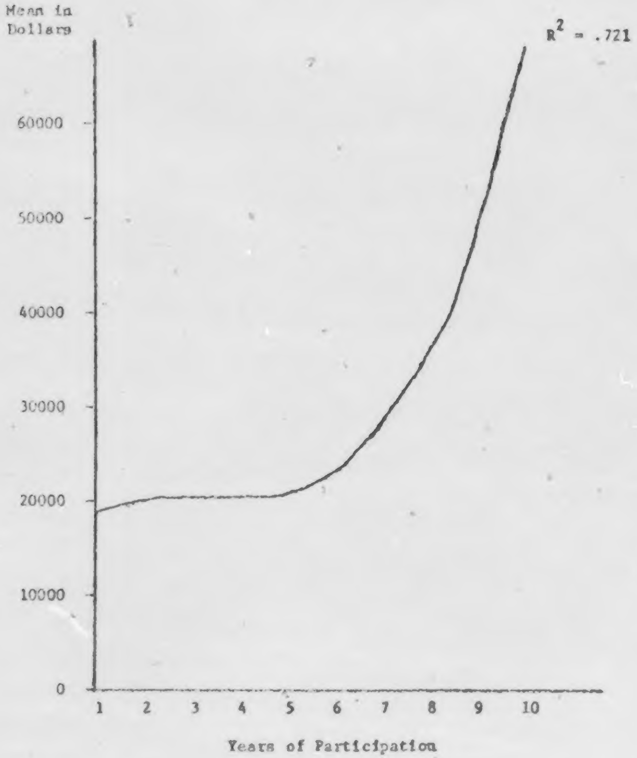


Figure 5. RELATIONSHIP BETWEEN MEAN TOTAL FARM SALES AND ADULT FARM MANAGEMENT EDUCATION[a]

[a] Based upon farmers enrolled in "well-organized" adult programs conducted by full-time instructors.

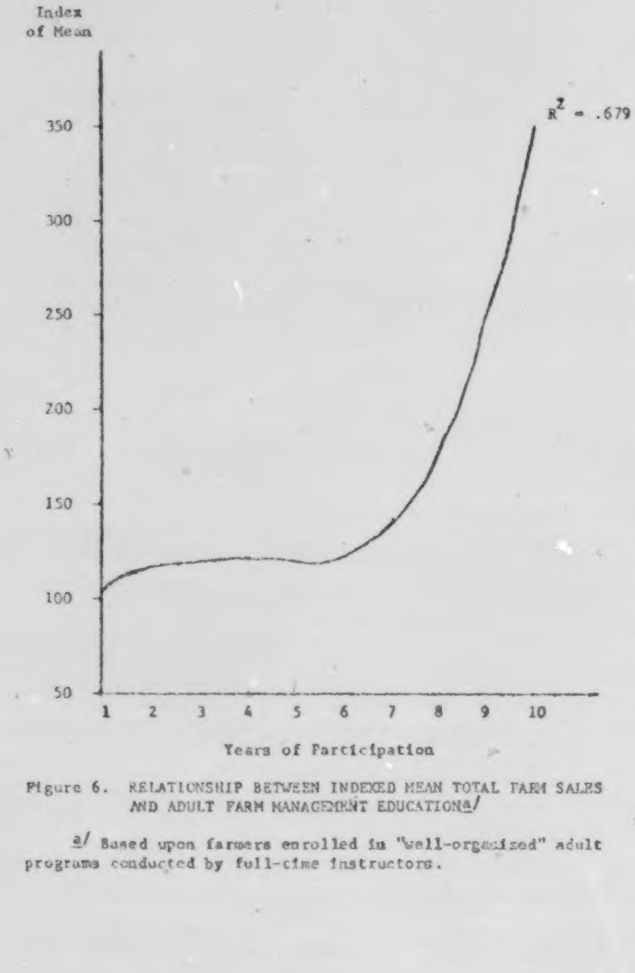


Figure 6. RELATIONSHIP BETWEEN INDEXED MEAN TOTAL FARM SALES AND ADULT FARM MANAGEMENT EDUCATION[a]

[a] Based upon farmers enrolled in "well-organized" adult programs conducted by full-time instructors.

illustrate the benefit-cost ratio obtained in farm business management programs. To convert the indexed values (which were reported in Figure 2) to dollar figures, the weighted average labor earnings ($3,000)[7] of farmers who had their first record analyzed was multiplied by the index value. Columns (b) and (c) in Table 3 show the indexed and the dollar values of expected labor earnings for each of the eight years of instruction.

Table 3. DISCOUNTED BENEFITS OF EDUCATION TO FARM FAMILIES ENROLLED IN "WELL-ORGANIZED" FARM BUSINESS MANAGEMENT EDUCATION PROGRAMS BASED UPON LABOR EARNINGS ADJUSTED FOR TAXES

(a) Years of Partici-pation	(b) Index[a]	(c) Dollar Value Using $3,000	(d) Marginal Return Over Base Year	(e) Marginal Return After Tax[b]	(f) Discounted Marginal Benefit
1	.97	2,910	$ ----	$ ----	$ ----
2	1.30	3,900	990	806	704
3	1.40	4,200	1,290	1,049	856
4	1.35	4,050	1,140	927	707
5	1.23	3,690	780	636	453
6	1.12	3,360	450	368	245
7	1.10	3,300	390	320	199
8	1.25	3,750	840	684	398
		Sums	$5,880	$4,790	$3,562

[a] Based on the statistical estimates of points on the curve in Figure 2, page 10.

[b] Tax adjustments based on 1967 Internal Revenue instructions for filing individual tax returns with allowance for five dependents.

In this study benefits that may have accrued to the average farm family during their initial enrollment year were not considered as being due to farm management instruction. Total program benefits were calculated as the sum of differences between the labor earnings reported by farmers with two, three or succeeding years of instruction in comparison to earnings of farmers who were analyzing a farm business record for the very first time. The sum of the marginal returns over the base first-year records for the first eight years of instruction was $5,880.

---

[7] See Figure 1.

Marginal returns over the base year had to be adjusted for the effects of income tax to provide a true measure of spendable income. Income tax adjustments were made using the accrual method. Because the data showed the average farm family to number 5.12 people, tax adjustments were completed based on 1967 Internal Revenue instructions for filing individual tax returns with an allowance for five dependents. Adjustments were made in taxable income to allow for non-cash expenses used in calculating labor earnings. The sum of the tax-adjusted marginal returns to investments in farm management education for an average farm family was $4,790.

Expected future returns are reduced to their present value by a procedure called discounting. The present value of future income depends on the interest rate, the expected returns, and the number of years before the return is collected. For example, a farm family who might expect $634 in marginal spendable income five years hence could have the same return by investing $453 now at seven per cent interest for five years. The total present value of benefits for eight consecutive years of participation in farm business management education was $3,562 for the average farm family.

Costs to the Farmer

Since both benefits and costs are components of the decision rule, it is necessary for farmers to have an accurate estimate of the costs associated with farm business management education. There are two types of individual costs: opportunity costs and direct costs.

Opportunity cost is the approximate value of the farm operator's labor if he were doing productive work rather than participating in the education program. Study data showed an average farmer's working time was worth about two dollars per hour.

Most "well-organized" programs of farm business management education have two different levels of intensity. The first three years involve high intensity instruction; the subsequent five years have less intense instruction. For purposes of illustration, researchers assumed the average farm family enrolled in one of the first three years of intensive instruction received twelve on-farm instructional visits, attended three group meetings, and went to ten evening classes per year.

Group meetings are defined as meetings of special interest to two or more cooperators. They are generally held during the working day. Attendance is usually restricted to farmers enrolled in the farm management education program. Group meetings are often conducted on the farm of one of the participants and may include tours, field days, and special farm clinics for farm management education cooperators.

Evening classes refer to instructional meetings held for a specific farm management education class. The purpose of this form of instruction is to discuss applied economic principles, new farm technology, or business management procedures that are applicable to all farmers enrolled in the class.

Attendance is limited to those regularly enrolled. Both farm cooperators and their wives are encouraged to participate in the evening class sessions. Meetings generally last for two to three hours and are scheduled to meet once each month during the entire year.

It was estimated that a minimum of two hours was invested in each of the classes, group meetings, and on-farm instructional visits. In addition to time investments in class meetings and on-farm instruction, it was estimated that a farmer spent about eight additional hours keeping the detailed farm records needed for analysis than he would otherwise have used to keep minimum accounts for income tax purposes. The opportunity cost for evening class hours was reduced to half the normal rate of two dollars since leisure time was sacrificed instead of work time.

Table 4. DISCOUNTED COSTS OF FARMERS ENROLLED IN "WELL-ORGANIZED" FARM MANAGEMENT EDUCATION PROGRAMS

(a) Years of Participation	(b) Opportunity Costs	(c) Direct Costs	(d) Total Costs	(e) Discounted Costs
1	$96	$64	$160	$150
2	96	64	160	140
3	96	64	160	131
4	52	46	98	75
5	52	46	98	70
6	52	46	98	65
7	52	46	98	61
8	52	46	98	57
			Total Discounted Cost	$849

The last five years of instruction involved different time investments than the first three years. It was assumed that farmers enrolled during this period received six on-farm instructional visits, utilized eight hours keeping additional farm record data, and attended six evening class sessions. Column (b) in Table 4 reports the total opportunity costs for each of the eight years.

In addition to opportunity costs, individuals incurred direct costs by participating in the farm management education program. These costs included $25 for each farm business record analysis, $3 for miscellaneous class purchases, $3 transportation expense for each evening class attended and $2 transportation expense for each group meeting. Direct costs dropped from $64 to $46 in the fourth year as reported in column (c), Table 4, due to a lower intensity of instruction in the last five years.

The total estimated costs incurred by a farm family were discounted using the same interest rate and procedure as for program benefits. The total discounted costs for participating in a farm business management education program for eight consecutive years were $849.

The Farmer's Benefit-Cost Ratio

Once one knows the expected benefits and the expected costs, he has the necessary information to make a rational decision. The benefit-cost ratio is the present value of future benefits (from Table 3) divided by the present value of future costs (from Table 4). The benefit-cost ratio for this study was 4.20.

$$\frac{\text{Future Benefits } \$3,562}{\text{Future Costs } \quad \$849} = \$4.20$$

FOR EACH DOLLAR INVESTED BY A FARMER IN THE FARM BUSINESS MANAGEMENT EDUCATION PROGRAM, HE RECEIVED A RETURN OF $4.20.

Although the individual benefit-cost ratio was calculated with the assumption that there would be no benefits in the first year, other studies have shown that an economic return can be expected to occur in the first year. Cvancara's study showed a farmer could expect returns to instruction during the initial year even though the farm business record analysis was not yet available. Therefore, the actual benefits from program participation are probably greater than the conservative estimates used in this study.

While a true accounting of benefits from education must include social and aesthetic values derived from the educational experience, these non-tangible benefits cannot be easily determined. To simplify the calculations of benefits from the educational investment, all intangible returns were left unexamined in the computations of individual benefits.

Since this study included all the costs a farmer would incur by participating in farm business management education and since it used conservative estimates of the benefits, the benefit-cost determination tended to underestimate rather than overestimate the benefit-to-cost ratio.

Determining Benefit-Cost Ratios for the Community

Labor Earnings -

A Farm Business Management Education Program would normally enroll about fifty farm families. Some would be enrolled in their initial year while others may have already had two or more years of previous instruction. The total enrollment would consist of families who had a wide range of previous instruction. Experience has shown that a few families drop out as they become more highly skilled in decision making. Others may drop out as they develop "record keeping fatigue." A distribution of farm families with various enrollment histories is shown in Table 5. Such an enrollment pattern permits a new class of ten cooperators to be started each year and thus conforms closely to the enrollment pattern experienced in some existing farm business management programs.

Table 5. COMMUNITY BENEFITS FROM FARM BUSINESS MANAGEMENT EDUCATION PROGRAM FOR FIFTY-ONE FAMILIES[a/]

Years Enrolled	No. of Farmers	Marginal Labor Earnings per Farmer	Total Marginal Labor Earnings[b/]
1	10	$ ----	$ ----
2	9	990	8,910
3	9	1,290	11,610
4	7	1,140	7,980
5	5	780	3,900
6	4	450	1,800
7	4	390	1,560
8	3	840	2,520
	51		$38,280

[a/] Based on labor earnings.

[b/] Total discounted benefits for eight-year period are $247,611 using same discounting procedure and interest rule as was used for computation of individual benefits.

The decision to initiate a farm management education program in a community is based on the same decision rule as that used by the farm family; the sum of the benefits must exceed the sum of the costs. The community, however, has several costs not included by individual farm families. Thus, the procedure for computing the benefit-cost ratio for the community is more complex.

Total economic benefits to the community can be computed by including the sum of the benefits to the individuals enrolled. The economic benefits in this study were calculated using the individual returns shown in Table 3 with class members distributed in management education experience categories as shown in Table 5. For example, ten members in the first year of instruction were assumed to have no marginal benefit from farm business management instruction; nine members in the second year of instruction were expected to have a marginal labor earnings of $990 each. The total class enrollment of fifty-one students would expect $38,280 to accrue each year as a result of instruction in farm business management. Calculation of these benefits is shown in Table 5.

Because communities stand to benefit from all income, including that spent for taxes, the community return was based on gross marginal return rather than net return after taxes. When labor earnings were used as the measure of economic return, the annual total community benefit was $38,280. A decision to establish a farm business education program has long-range effects. To measure the benefits over an extended period, benefits have been discounted for an eight-year period. The same procedure for discounting was used as previously applied to individual benefits. The total present value of the benefits that might be expected to accrue to a community over an eight-year period from farm business management education is $247,411. This sum includes only additional labor earnings to farm operators as a result of instruction and ignores the additional business activity generated by increases in farm sales and the multiplier effect of new expenditures.

Total community costs include those borne both by individuals enrolled and the community school which sponsors the educational program. Costs can be readily divided into four categories:

1. Opportunity Costs of Individuals Enrolled -

   This study assumes that the opportunity costs for the community are equal to the sum of the opportunity costs for individuals enrolled. Opportunity costs discounted for eight years for a class enrollment of fifty-one cooperators equals $25,202.

2. Direct Costs of Individuals Enrolled -

   It was assumed that costs for the community were equal to the sum of the direct costs for individuals enrolled. Discounted direct costs for an eight-year period equalled $18,422.

3. Direct Community Costs -

   Some operating costs were based on data from the Agricultural Education Section, Vocational Division, Minnesota Department of Education; others were derived from estimates of general supporting costs. Summary of these costs is shown in Table 6. Total direct operating costs discounted for an eight-year period equal $74,565.

4. Capital Costs -

   Some capital outlay would be required to provide facilities and equipment for program operation. Table 7 outlines the capital outlay requirements. An annuity rate of .08024 per cent would result in an annual capital cost of $711. This annuity rate would recover capital outlay costs in twenty years with an annual yield of five per cent interest on investment. Total capital cost for the eight years used in this example would be $5,688. Unlike other costs, capital outlay is not discounted due to the annuity procedure of computation.

Table 6. ANNUAL COMMUNITY SCHOOL OPERATING COSTS FOR A FARM MANAGEMENT PROGRAM EMPLOYING ONE FULL-TIME ADULT INSTRUCTOR

Item	Annual Cost[a]
Salary of Instructor	$ 9,378[b]
Mileage	717[b]
Meals & Lodging While Traveling	150[b]
Janitorial Service (1/2 hr./day for 250 days @ $2/hr.)	250
Secretarial Assistance (1/10 time @ $360/month)	432
Teaching Materials, General Office Supply	400
Fuel, Electricity	150
Telephone	60
Total Direct Expense	$11,537

[a] Total discounted direct program costs for an eight-year period are $74,565. The same discounting procedure was used as for computation of benefits.

[b] From data supplied by Agricultural Education Section, Vocational Division, Minnesota State Department of Education; all other costs based on estimates of actual costs.

The procedures for computing community benefit-cost ratio is similar to that for individuals; the sum of the benefits is divided by the sum of the costs. In the case of the community, the sum of individual benefits was discounted over a period of eight years. This total benefit was $247,411. Total costs were also discounted for eight years. The sum of individual opportunity costs ($25,202), individual direct costs ($18,422), community direct operating cost ($74,565), and capital outlay ($5,688) was $123,877. The benefit-cost ratio is computed as follows:

$$\frac{\text{Total Benefits to the Community}}{\text{Total Costs to the Community}} = \frac{\$247,411}{\$123,877} = 1.997$$

FOR EACH DOLLAR THAT THE COMMUNITY SPENDS ON FARM BUSINESS MANAGEMENT EDUCATION, THEY CAN EXPECT TO GENERATE ABOUT TWO DOLLARS IN INCREASED FARM LABOR EARNINGS.

Table 7. CAPITAL OUTLAY FOR FARM BUSINESS MANAGEMENT PROGRAM

Item		Cost
Office (8' x 10' @ $17.24/sq. ft.)[a]		$7,586
Conference Room (12' x 15' @ $17.24/sq. ft.)		
Office Equipment		
Desk & Chair	$176	
Filing Cabinets	204	
Typewriter	200	
Calculator	600	
Portable Adding Machine	100	
Total Office Equipment		1,280
Total Capital Outlay		$8,866
Yearly Cost of Capital Based Upon Annuity Rate of 20 Years, 5 Per Cent Interest		$ 711[b]

[a] Average bid price for new school construction, 1966, Minnesota Department of Education.

[b] Total cost of capital outlay for eight-year period equals $5,688.

Farm Sales -

Labor earnings may be an ultraconservative criterion measure of the impact of farm business management education since it fails to account for gross income earned and spent within the community. Community benefits of the educational program may best be measured by increases in farm sales that can be associated with participation in the farm business management program. Money which accrues to farm families from farm sales is used for operating expenses, family living, debt retirement, savings, and capital investment. Regardless of the way in which this money is used, the community derives benefit from the increased business activity. Table 8 shows the annual increase in farm sales that might be expected to accrue to the fifty-one farm families described in the previous benefit-cost example.

With farm sales as the criterion measure, the total discounted benefits for an eight-year period of farm business management instruction would be $1,122,398 for a program enrolling fifty-one farm families. The costs would be the same as reported previously, $123,877.

Using these sums in a benefit-cost comparison gives a benefit-cost ratio of 9.06. FOR EACH DOLLAR SPENT OR CHARGED TO FARM BUSINESS MANAGEMENT EDUCATION, THE COMMUNITY COULD EXPECT TO RECEIVE $9.06 IN INCREASED BUSINESS ACTIVITY.

Table 8. MARGINAL FARM SALES ASSOCIATED WITH ENROLLMENT IN FARM BUSINESS MANAGEMENT EDUCATION

Years Enrolled	Number of Farmers	Marginal Farm Sales per Farm[a]	Total Marginal Farm Sales[b]
1	10	----	$ ----
2	9	2,660	23,940
3	9	3,230	29,070
4	7	2,850	19,950
5	5	2,660	13,300
6	4	3,800	15,200
7	4	7,220	28,880
8	3	14,440	43,320
	51		$173,660

[a] Based on the statistical estimates of points on the curve in Figure 5, Page 15, and average farm sales reported in first-year record analysis, 1959-1965.

[b] Total discounted benefits for eight years using discounting procedures defined for individual benefits equals $1,122,398.

Conclusions and Implications

Data and conclusions reported in this summary are only a portion of those reported in the more extensive work from which they are drawn.

The inquiry was guided by the following questions: What benefits can accrue to farm families who choose to participate in an intensive, goal-oriented, educational program intended to improve their technical competence and management skills? What benefits accrue to the community that chooses to support such a program? What are the benefit-cost ratios of such an educational program when calculated for the individual participant and for the community? What is the educational and the economic relevance of the performance curves which describe the input-output relationships of the educational program outlined in this inquiry? What are the short-term and long-term implications of such a program?

The educational program described in the study is an intensive, continuing course. Participants are engaged in classroom, small group, and individual, on-farm instruction. Instruction is intended to improve technical competence and entrepreneurial skill. Each participant is required to keep accurate production and expense records and to submit his farm business records for summary and analysis at the close of the fiscal year. As a result of directed study of the business analysis, a farm operator makes changes to maximize his economic return insofar as that will contribute to his individual and family goals. The instructional program upon which this study is based meets rigorous criteria of organization and goal orientation and is described as "well-organized."

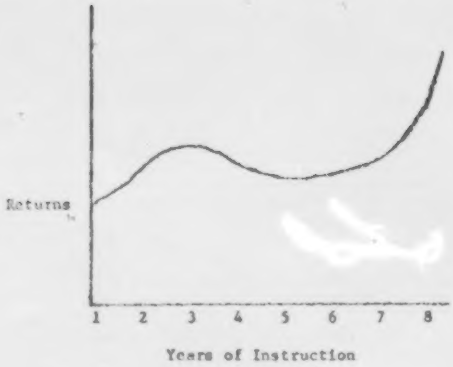
The criterion variables for the study are operator's labor earnings (a measure of net income) and total farm sales. All monetary values are weighted to compensate for factors affecting yearly fluctuation in farm income levels. These criterion variables are used to calculate the return to individuals and to the community.

The participants in the study were farmers who were enrolled in farm business management education in vocational-agriculture departments of Minnesota public schools for time periods ranging from one to fourteen years. Each of the participants was self employed; each was responsible for his own managerial decision making.

The choice of farmers as the recipients of the instructional program has some unusual complexities. It is necessary, for example, to have a complete and accurate system of farm accounts to measure economic gains. It is also necessary to have an instructional program that is highly individualized. There are also some unusual advantages in having farmers involved as the students in the program. Farm income is very responsive to changes in entrepreneurial skill among farm operators. There are few regulatory forces (industry-wide wage contracts, product-pricing mechanisms, etc.) to establish limits within which a farmer may benefit from his ability to manage his productive resources.

The farmers involved in the study did not, however, constitute the sampling unit. The sampling unit was a completely-analyzed annual farm record. In this study, 3,518 farm records were studied. Of these, 1,475 were from programs judged to be "well-organized."

Major conclusions from this study are based upon performance curves calculated from farm business and educational input data. These performance curves were calculated by the technique of curvilinear regression. The performance curves represent the relationship of the criterion variables to the instructional program. The general form of the performance curve for both criterion variables is as shown in the following figure:



The shape of the performance curve shows a rising return to educational input during the first three years, a decline during the fourth and fifth years, and a sharply rising slope beginning with the sixth or seventh year of the instructional program. An increase in return during the first three years may result from modern technologies which are rather easily applied to the existing organization of the farm resources. During the fourth and fifth years, the farmer may respond to instruction by reorganizing his business. He revises his combinations of resources, re-examines his productive capacity and introduces a functional reorganization. The business may be reorganized to accommodate the new levels of efficiency that are available to meet his production goals. The fourth and fifth years, thus, are a period of retooling to maximize the return on available resources. The rise in return beginning with the sixth or seventh year is the response to a more efficient utilization of available resources and a more effective use of entrepreneurial skill.

A specific issue which prompted the inquiry involved the question of whether the decline in returns during the third and fourth years was a diminishing marginal return to instruction. Other studies had suggested that the diminishing marginal returns to instruction may begin to occur during the third or fourth years. This possibility raised important questions for school administrators and educational planners. Should a teacher plan only a three-year curriculum and, thus, confine his energies to the period when his instruction shows a rapidly rising return on the investment? When there is an apparent "diminishing marginal returns effect," should the teacher begin with an entirely new group of students so that he will always be engaged with instruction which yields an immediate or an early response?

Those who advocate restriction of farm business management education to three or less years will fail to accommodate the increased need for decision making that occurs as part of business reorganization. Failure to provide educational service at this most vital time may deter the farm family from fully utilizing the income production potential that may be derived from careful study and assistance during planning and initiation of resource reorganization.

The "diminishing returns effect," while a practical administrative question, is not subject to precise measurement in this inquiry. For precise analysis, it would be necessary to insure that the increments of educational input are approximately equal over a given time scale. As in most research on educational investment, these increments can only be assumed to be roughly equal throughout the instructional sequence.

An important conclusion is that the return on an educational investment described as the instructional program used in this study is very high. The extent of return is treated in the benefit-cost analysis to be discussed in the later paragraphs of these conclusions.

The existence of a significant return on such an investment was a verification of previous inquires which had been limited to a shorter time span. A major interest in the present study was the determination of the nature of the return over the longer period represented by the performance curves. The results show that the return is not uniform over the longer time period but that returns do accrue to those who are persistent in participation. Moreover, the return for this persistence is great. The decline in return during the fourth and fifth years is more a function of the instructional program than a "diminishing return" effect. Since the business often undergoes major changes, instruction to guide reorganization is essential to increased return.

The educational implications of the study are enormous. First of all, the performance curves, which were calculated to ascertain the nature of response to an educational input and to determine the phenomenon of a diminished return, may not necessarily have any relationship to the economic phenomenon of diminishing returns. The performance curves have the same general form which describes the psychological phenomenon known as the learning curve. This curve is positively accelerating at its beginning, becomes negatively accelerating, and, finally, reaches a plateau and the cycle is repeated. The performance curves, like learning curves, may be manageable. They depend on variables which affect the learning situation. It is the function of education to optimize the conditions which will maximize both the amount of learning and its relevance. If the performance curves in the inquiry are an accurate interpretation of learning curve phenomenon, then this study is among the first to describe such a learning curve over an extended time span and also to calculate the curve as an economic return to an investment in instruction. Further inquiries, accordingly, may contribute to learning theory as well as to a knowledge of the instructional variables which affect the economics of education.

Secondly, in addition to the theoretical implications of the performance curves, there are practical educational conclusions. Although this inquire has dealt with an educational program for self-employed adults, the instructional program is amenable to the efficiencies of modern educational technology. Some of the farm records used as basic information for the study were analyzed using a system of electronic data processing (EDP). The calculation of benefit-cost analysis for the educational program is a demonstration of the use of program planning and budgeting (PPB) systems for community instructional programs. As a form of systems analysis, the PPB system has region-wide applicability to educational programs as well as applicability to individual school programs. The instruction provided to farmers in this inquiry was intensive. Since instruction is sequential and programmatic, it is highly amenable to computer-assisted instruction (CAI). Further efficiencies and, thus, more widespread growth of the instructional program used in this study may result from combinations of the various forms of systems analysis. With additional developmental effort, this is likely to be an outcome of this research.

As mentioned earlier, the extent of the return on the educational investment was verified by a benefit-cost analysis. Benefits included those to the community as well as to the individual. Costs included all indirect costs, including opportunity costs, as well as direct costs. The benefit-cost ratio for individual participants over the eight-year period was found to be 4.2 to 1. For each dollar invested in the program by the individual, increased return to his labor and management was $4.19.

As further verification of the benefits of such a program, a benefit-cost ratio was calculated for the community. Community benefit was assumed to be the total of the individual benefits. Since there are numerous community benefits to be derived from an increase in cash flow and an increase in the tax base, using only the aggregate increased return to operator's labor and management underestimates the actual community benefit. The benefit-cost ratio of the program when benefits are measured by increased return to operator labor and management was about 2:1. When farm sales were used in calculating increased business activity, the benefit-cost ratio increased to about 9:1.

Any investment with a benefit-cost ratio similar to that shown for education in farm business management is a valuable holding for the community. As community action groups, boards of education, chambers of commerce, and others seek ways to build affluence in rural communities and protect local economies, farm business management education should be among the high priority alternatives. Minnesota revolves around the agriculture industry. A strong, dynamic and profitable farm business is the rural community's most valuable asset.

VETERANS OF FOREIGN WARS
OF THE UNITED STATES
FOUNDED 1899

OFFICE OF
DIRECTOR NATIONAL LEGISLATIVE SERVICE

V. F. W. MEMORIAL BUILDING
200 MARYLAND AVENUE N.E.
WASHINGTON, D. C. 20002

July 15, 1976

The Honorable Vance Hartke, Chairman
Committee on Veterans Affairs
United States Senate
Washington, D.C. 20510

My dear Mr. Chairman:

Thank you for your letter requesting comments regarding your amendment No. 2005 to S. 969 which is in the nature of a substitute and identified as the "Veterans Education and Employment Assistance Act of 1976".

First, let me state your amendment contains many fine features which the Veterans of Foreign Wars of the United States can wholeheartedly support. However, those of us who work with legislation are not fond of omnibus bills which more often than not use relatively uncontroversial measures as a vehicle to advance other measures which may be highly controversial. For example, in the instant case, we consider an 8 percent cost of living increase in educational assistance allowances as both uncontroversial and funded in the first concurrent budget resolution, but the establishment of a new GI Bill for members of the Regular Military Establishment to be funded in part by the Veterans Administration highly controversial. We much prefer clean bills addressing one issue which can stand or fall on their own merit.

In addition to the foregoing, and due to the fast dwindling number of legislative days before the 94th Congress adjourns sine die, there are a number of pressing items which must be resolved and cleared for the White House on a priority basis, and these are:

> (1) An increase in compensation rates for veterans with service connected disabilities and dependency and indemnity compensation for the survivors of those who expired due to their service connected disabilities

(2) The advancement of pension legislation by resolving differences in the Senate and House passed bills before the expiration of Public Law 94-169 with the end of the current fiscal year

(3) A cost of living increase for those receiving educational assistance under Title 38 of the U.S. Code who have not had such an increase in nearly two years, and

(4) Establishing a termination date for accruing benefits under the current GI Bill since the Vietnam conflict officially terminated May 7, 1975.

Again, Mr. Chairman, thank you for your consideration in soliciting my views and with best wishes and kindest personal regards, I am

Sincerely,

Donald H. Schwab

Donald H. Schwab, Director
National Legislative Service

DHS/fr

NATIONAL CAPITAL OFFICE
NON COMMISSIONED OFFICERS ASSOCIATION of the UNITED STATES OF AMERICA
STRENGTH IN UNITY
110 Maryland Avenue, N.E., Suite 510
Washington, D.C. 20002
Telephone (202) 546-7891
546-7892

July 15, 1976

Honorable Vance Hartke, Chairman
Senate Committee on Veterans Affairs
Suite 414 Russell Senate Office Building
Washington, D.C. 20510

Dear Mr. Chairman:

Thank you for the letter of July 7, 1976, inviting the Non Commissioned Officers Association of the USA (NCOA) to comment on Amendment No. 2005 to Senate bill S. 969.

The Association appreciates the opportunity you have cordially extended. Our comments are attached for the Committee's consideration.

With every good wish, we remain,

Respectfully,

C. A. "Mack" McKinney
Director of Legislative Affairs

CAM/pf

encls.

NCOA

International Headquarters
NCO ASSOCIATION
P.O. Box 2268
San Antonio, Texas 78298
(512) 653-6161

USA USN USAF USMC USCG

COMMENTS
ON
AMENDMENT NO. 2005 to S. 969
BY
C.A. "MACK" MCKINNEY, Director of Legislative Affairs
NON COMMISSIONED OFFICERS ASSOCIATION OF THE USA (NCOA)

TITLE I

The Association supports the recommended changes, as provided in the amendment, to Chapter 31, title 38, United States Code.

TITLE II

The Association has no objection to the recommended changes as provided in the amendment, to Chapters 34 & 36, title 38, United States Code.

TITLE III

The Association has but one objection to the recommended changes, as provided in the amendment, to Chapter 35, title 38, United States Code.

In previous years, Chapter 35 restricted education benefits to war orphans only. Later, the chapter was amended to include wives of service-connected, totally-disabled veterans and the widows of veterans who died as a result of service-connected disabilities.

For those wives and widows, who required assistance in preparing themselves and their families for a "standard of living level which the veteran, but for his death or service disability, could have expected to provide for his family," eligibility could be established with the Veterans Administration for the receipt of financial education benefits. Enactment of the amendment was certainly rational and justifiable when one considers the unusual demands placed upon the wife because of her husband's disability and in maintaining a home and raising a family. Not only was the wife restricted in time, but probably lacked employment experience and, for the most, was unable to realize equal wages on the job market with male employees.

The Association believes that the average husband of a disabled female veteran is not as handicapped as the average wife of a disabled male veteran. Therefore, Congress should direct the Administrator of Veterans Affairs to conduct a study to determine the necessity of including all spouses and surviving spouses of certain veterans as eligible for education benefits.

In light of present and future budget restrictions imposed on the Veterans Administration, the Association further believes that education benefits for spouses should be determined on the basis of real financial need.

Summarily, the Association is not in favor of expansion of present statutes based solely on the concept that such changes provide equal treatment to all spouses or surviving spouses simply because their veteran husbands or wives were totally disabled or demised as a result of service-connected causes.

TITLE IV

The Association continues to be strongly opposed to the proposed termination of existing education benefits provided in Chapter 34, title 38, United States Code, for persons entering the U.S. Armed Forces in future years.

Although the Association previously submitted a statement explaining its opposition to the Senate Committee on Veterans Affairs, two additional considerations must be presented.

First, the Association objects to the rhetoric of those who attempt to separate true volunteers from draft-motivated volunteers and persons inducted into military service. Their debasement of members of today's all-volunteer force, simply because they truly volunteer to serve the Nation, is unjustified, ungracious and degrading.

True volunteers should, if anything, be treated with greater respect and afforded greater rewards from a grateful Nation than those who are forced or motivated by induction to serve in the U.S. Armed Forces. However, in the case of continuing the present education benefits for future veterans, who will serve on or after a prescribed date, the Association seeks only equal respect and reward. This is not only fair to all, but certainly in the best interest of congressional desires to maintain an all-volunteer military force.

Secondly, the Association objects to the declassification of peacetime veterans and possible separation from benefits provided to eligible wartime and cold-war veterans.

Every veteran originally enters the Armed Forces accepting an oath that was and is the same for all. Very few, if any, enter with thoughts of being maimed or killed. Each take the chance of being sent overseas, being stationed in a hostile environment, or being ordered into combat. Each take the chance that the supreme sacrifice may have to be made, or that they will return to their homes crippled and disabled for life.

Some go overseas while others never leave the United States or its possessions. Some are sent into hostile areas while others are not. Few actually experience combat, most do not. Some are killed and some are maimed, but many are not physically or mentally touched by the horrors of combat.

Is there a difference between a wartime veteran killed in the Vietnam conflict and a peacetime veteran who died in the Mayaquez incident?

Is there a justifiable separation between a wartime veteran disabled by a service-connected accident and a peacetime veteran disabled as a result of an identical occurence?

Is there a rational declassification of a peacetime veteran who serves overseas in Germany most of his time in the military from a wartime veteran who served all of his military service inside the continental limits of the United States?

Have the Nation's veterans' programs (other than Dependents and Indemnity Compensation - DIC) been based on the amounts of remuneration and the number of emoluments received by our veterans while in the armed services?

To each of the above questions, the Association answers in the negative. In fact, the only separations justified are those currently imposed by law and applicable to veterans' eligibility for compensation and pension programs, and others pertaining exclusively to combat-related disabled veterans. Otherwise, there should be no differences of eligibility for veterans' programs based on whether the veteran's service to his or her Nation was in peace or war.

Thus, the Association cannot support the recommended changes, as provided in the proposed new chapter 32 of the amendment, to title 38, United States Code, and particularly that which allows reinstitution of title 34 benefits in the event Universal Military Service is reimposed by law.

TITLE V

The Association has but one objection to the recommended changes to Chapter 36, title 38, United States Code, and that is that portion applicable to "spouses and surviving spouses" contained in the proposed amendment to Chapter 35. (Please refer to comments above pertaining to TITLE III).

TITLE VI

The Association adamantly supports the recommended changes, as provided in the amendment, to Chapters 41 and 42, title 38, section 553, title 29; and section 5315, title 5, United States Code.

TITLE VII

The Association has no objection to the recommended changes, as provided in the amendment, to section 3101(a), title 38, United States Code.

Statement of

Austin E. Kerby, Director for Economics
The American Legion

before the
Committee on Veterans' Affairs
United States Senate

on Amendment No. 2005 to S 969

July 19, 1976

Mr. Chairman and Members of the Committee:

On behalf of The American Legion, I would like to express appreciation for this opportunity to present our views on Amendment No. 2005, the "Veterans' Education and Employment Assistance Act of 1976" - a substitute to S 969, specifically Title VI thereof - the "Veterans Employment Assistance Provisions."

Mr. Chairman, for the purpose of this statement we will comment only on those provisions that promise substantive improvement in employment services to veterans. Other amendments under Title VI of the subject legislation are basically technical modifications on which we have no position.

Section 601 creates within the Department of Labor a separate agency to be known as the Veterans Employment Service, and stipulates that such agency shall be headed by an Assistant Secretary of Labor for Veterans' Employment.

The American Legion's support of this proposal is based on several resolutions, the most recent being resolution No. 1, adopted by our National Executive Committee, May 5-6, 1976. A copy is attached for the record. As mandated, The American Legion strongly supports the authorization for an Assistant Secretary for Veterans' Employment. This new position is sorely needed, as evidenced by the Department of Labor's ineffective administration of laws which were intended by this Committee and the Congress to improve employment service to veterans. The Department of Labor needs stronger and a more authoritative leadership which the rank of Assistant Secretary would provide.

The Veterans' Employment Service is located at such a low level in the bureaucratic structure of the Department of Labor that it is impossible for a VES Director in the "classified" (career) service to effectively carry out Congressional mandates intended to assist the employment of veterans. An Assistant Secretary of Labor for Veterans' Employment, requiring appointment to be made by nomination and confirmation by the Senate, would have direct access to the Secretary of Labor and full responsibility for program planning, including funds and utilization of personnel, and accountability for these Congressionally mandated programs. The American Legion believes that the very nature and importance of the many laws affecting the employment of veterans fully justifies a spokesman for nearly 30 million veterans at the highest policy level within the Department of Labor.

The American Legion strenuously opposes the establishment of any position lower than the Assistant Secretary level to head the proposed newly created agency. We believe that a "Deputy Assistant Secretary," or a "Deputy Assistant Under Secretary" for Veterans' Employment, as some have proposed, whether established by legislation or administratively, in lieu of a full Assistant Secretary for Veterans' Employment would not improve employment service to veterans. Such positions would normally be in the career civil service, unless the enabling legislation specifically provided otherwise, and the incumbent of such positions would have to infiltrate through several levels of bureaucracy before reaching the Secretary of Labor.

Therefore, to insure that this Assistant Secretary position is at the highest echelon and not in the classified (career) service, The American Legion respectfully recommends that the position of Assistant Secretary for Veterans Employment be at Level IV (same as the five existing Assistant Secretaries) and require Senate confirmation.

Section 602 of Title VI of the amendment would assure that veterans receive special consideration as required by law and regulations, and adds as a duty of the field representatives of the Veterans' Employment Service the monitoring of Comprehensive Employment and Training Act programs. During fiscal year 1975, veterans comprised only 13 percent of all CETA enrollments to Title I, II and VI. The American Legion believes that this proposed authorization for monitoring by these State Veterans' Employment Representatives and Assistant VERs is badly needed and we support this amendment.

Section 606 of the amendment will require the Secretary of Labor to report annually on the number and disposition of veterans' complaints against contractors with the Federal Government who may be illegally failing to give special emphasis to the employment of veterans. The American Legion supports this proposal which should serve to strengthen the provisions of Section 2012, title 38, United States Code. To date there has been very little compliance with the law, as shown by an article in the Wall Street Journal of May 11, 1976, copy attached. Besides other advantages of such reporting by the Secretary of Labor, it will bring to the attention of veterans and contractors that such a right has existed since 1972.

The Department of Labor has done virtually nothing to let veterans know of their right to file a complaint with the local State Employment office if any veteran feels he has not received fair consideration in employment with a Federal contractor.

We thank you for this opportunity to comment on this most important subject - adequate employment assistance to veterans.

NATIONAL EXECUTIVE COMMITTEE
OF THE AMERICAN LEGION
INDIANAPOLIS, INDIANA, MAY 5-6, 1976

RESOLUTION NO.: 1

COMMITTEE : ECONOMIC

SUBJECT : ESTABLISHMENT OF ASSISTANT SECRETARY OF LABOR FOR VETERANS' EMPLOYMENT AND OPPOSE ANY LESSER POSITION.

WHEREAS, Congress has established a Veterans' Employment Service in the United States Department of Labor to promote vocational opportunities for veterans and to monitor and functionally supervise the many laws related to veterans employment and training; and

WHEREAS, Congress has required that the Secretary of Labor shall assign to each State a Representative of the Veterans' Employment Service and additional representatives when justified by the veteran population of the State to carry out the purposes of the Veterans' Employment Service in the several States; and

WHEREAS, The Department of Labor has assigned a Regional Veterans' Employment Representative to each of its ten Regional offices to direct veterans' employment affairs in the Region, being responsive both to the Director of the Veterans' Employment Service and the Assistant Regional Director for the Employment and Training Administration; and

WHEREAS, Because of the complexity of veterans employment and training laws and programs, including numerous references to veterans in the various titles of the Comprehensive Employment and Training Act, and because of the involved channels of organization through which he must operate, it is difficult for the Director of the Veterans' Employment Service to maintain the necessary direction and control of these significant programs; and

WHEREAS, Legislation has been introduced in Congress to provide for a separate agency within the Department of Labor to be known as the Veterans' Employment Service, and to authorize the appointment of an Assistant Secretary of Labor for Veterans' Employment; and for other purposes; and

WHEREAS, Various individuals and groups have indicated their willingness to compromise by accepting a Deputy Assistant Secretary of Labor or a Deputy Assistant Undersecretary of Labor for Veterans' Employment in lieu of a full Assistant Secretary, which is contrary to the purpose and intent of the established position of The American Legion; now, therefore, be it

RESOLVED, By the National Executive Committee of The American Legion in regular meeting assembled in Indianapolis, Indiana, on May 5-6, 1976, that The American Legion support legislation, or an executive order, and/or any and all administrative efforts to establish a full Assistant Secretary of Labor for Veterans' Employment and to establish the Veterans Employment Service as a separate agency within the United States Department of Labor; and be it further

RESOLVED, That The American Legion, both legislatively and administratively, oppose the establishment of any such position at a level lower than Assistant Secretary.

THE WALL STREET JOURNAL, Tuesday, May 11, 1976

Hunting for Work

U.S. Job Agency Finds It a Hard Job to Boost Its White-Collar Role

Most Firms Still Evade Rule That Openings Be Listed At Employment Service

One Woe: Links to Welfare

By GAY SANDS MILLER
Staff Reporter of THE WALL STREET JOURNAL

A faded-blue shirt collar nestles next to a starched white one on a bare table.

This eye-catching photograph decorates the cover of a glossy brochure designed to persuade Wisconsin employers that the state's public employment offices, long considered strictly a source of blue-collar laborers, can help locate more highly skilled white-collar employes, too. The caption sums up the pitch: "Now it's easier to find a perfect fit when you're shopping for a new employe."

But the U.S. Employment Service's network of 2,400 state-run public employment offices, which includes the Wisconsin operation and its brochure, can't seem to shed its blue-collar image. Nationwide, four out of five jobs listed with the state offices still call for low-skilled workers. The average wage is a lowly $2.70 an hour.

Far from exploiting the [illegible] services of the $400-million-a-year placement system to fill higher-paying positions, most companies are busy dodging a slackly enforced, five-year-old federal regulation designed to make them list such jobs at nearby public employment offices. Uncooperative employers gripe about "unqualified" referrals and "unprofessional" staffers, while privately worrying that the agency could acquire a "Big Brother" influence on their hiring of women and minorities.

Clerical Listings

"We normally do not list a high percentage of jobs with the state employment services unless they're clerical," concedes one personnel executive for a big Midwestern industrial concern with many defense contracts. "But don't quote me, for God's sake, since it's against the law." Meanwhile, a Wisconsin official gripes, "We've got thousands of people looking for work that we can't find jobs for because employers aren't listing the jobs."

A study of employment offices in 20 cities being released today by the Labor Department concludes that "usage was disproportionately small for those in the professional, processing and machine trades and disproportionately high for those in the clerical and sales fields."

Criticism of the Employment Service, which the Labor Department's Employment and Training Administration oversees and bankrolls out of a special employer-supported fund, is growing on Capitol Hill. A House subcommittee began oversight hearings on USES last month in Washington and promises more hearings in several U.S. cities this month. Moreover, a broad study of the agency, due to be issued by the General Accounting Office in July, could give critics fresh ammunition.

"Sick" Organization

Rep. Robert Kasten Jr. (R., Wis.) says he recently dredged up an internal Labor Department study that describes the Employment Service as a "sick" organization "in deep trouble" despite the tripling of its budget in the past decade. "If USES were truly effective," the Congressman declares, "employers would be using its free services instead of private employment agencies which charge fees averaging $800 per placement."

But USES chief William B. Lewis sees improvement ahead. He vows the agency will "bite into" available job openings as the business upturn develops "and put more and more people to work." The agency says its goal is to "increase the proportion of job openings received in professional and managerial and other white-collar and skilled trade occupations each year" through 1979; currently just 2% of the job listings call for "professionals."

Yet such goals have repeatedly eluded the agency, which was created in 1933 to help the unemployed find jobs. It has been trying for five years to woo employers turned off by its late-1960s stress on helping poor and minority workers. In this effort, it has been hampered by the fact that most unemployment compensation claimants and able-bodied welfare recipients must register with USES. A Labor Department official laments, "A lot of employers are saying they don't want to use the Employment Service because they think it's just a pool of welfare recipients who really don't want to work."

Key 1971 Rule

The attempt to get employers to use USES has largely centered on the 1971 executive order known in governmental circles as the "mandatory listings" rule. Originally linked to a jobs-for-veterans drive, the rule says most companies with federal contracts worth more than $10,000 must list all jobs paying up to $18,000 a year – a figure that the Labor Department now wants to raise to $25,000.

Please Turn to Page [illegible], Column [illegible]

Hopes ran high at the Labor Department after the 1971 order. Better job listings supposedly would attract better-skilled, and hence easier-to-place, workers. Officials publicly promised they wouldn't abandon the "disadvantaged," but privately they noted that better efficiency in placing workers might help win USES the bigger budget it wants. The behemoth bureaucracy was to be transformed – so the theory went – from a supplier of maids and typists into a diversified "labor exchange" where companies might also find accountants, advertising salesmen and even managers.

But that goal remains elusive, interviews with company personnel officers and Employment Service officials indicate. Only 12% of the eight million nonfarm job openings listed with the USES in pre-recession fiscal 1974 were directly traceable to the job-listing rule. The Labor Department estimates only "between one-third and one-half" of all employers are complying with the rule; it can't be more specific since it isn't even sure how many federal contractors the rule affects.

At Pittsburgh-based Rockwell International Corp., for example, insiders concede the industrial and aerospace company isn't listing all the required jobs. Rockwell finds the subject too touchy, however, to discuss officially. So do some other big corporate employers. Xerox Corp., Stamford, Conn., refuses to disclose how many openings it had last year and how many were listed with USES.

Detroit-based Burroughs Corp.'s Pittsburgh office has been "in full compliance" with the regulation only since last August, a manager there says. That was the date, he explains, on which a federal official paid a visit to go over the "do's and dont's" of the mandatory-listings program. Simply telling contractors they must list jobs "hasn't been the great, outstanding success that many would have thought it to be," observes Charles Hamilton, district manager of the Employment Service in Pittsburgh.

What went wrong? For one thing, the mandatory job-listing rule is easily evaded. Responsibility for enforcing it rests with federal "contract compliance" officials preoccupied with policing regulations banning employment discrimination on the basis of race or sex. Moreover, officials in the Employment Service's field offices are reluctant to snap at the corporate hands that toss them even a few job openings.

"Sometimes you're asked in the course of (an affirmative-action) review whether you list jobs with the state employment service. So you say, 'Yeah, I do,'" relates one personnel manager for an industrial conglomerate. "Then you list a few – enough to keep you out of trouble."

Employers shun USES for various reasons. Many cite bureaucratic inefficiencies. One says placing a job order with the state employment office yields a deluge of time-wasting phone calls from different staffers. Another protests referrals of "the dregs," or unqualified jobseekers. Also, many employers secretly fear that seeking USES referrals will expose them to more pressure to hire females and minority-groups members. (The agency insists that all hiring decisions are up to the employer.)

Turning to the government system for skilled workers often is futile, employers contend. Westinghouse Electric Corp.'s nuclear components plant in Cheswick, Pa., recently listed a skilled welder's job and didn't get any referrals, according to a personnel man, Herbert Kunkle. "We got three by going to a welding school," he says.

Moreover, employers frequently find ample numbers even of skilled jobseekers banging on their doors without any agency's help—especially in hard times. It's estimated that public and private agencies together fill only one out of five U.S. job openings. Most are filled through want ads, word-of-mouth reports of vacancies and "walk-ins."

Eager for a face-lift, USES will spend nearly $1 million this year in a continuing campaign to refashion its image through radio, television and print ads. "We're computerized, but personalized," enthuses one TV spot. Federal staffers prod many states to change their agencies' name to "Job Service." Yet some states haven't acted—which underlines the fact that governor-appointed state agency heads can largely run their own shows free of federal "meddling."

In other moves, a three-year-old "Job Service improvement program" has been launched in 35 states so far. Local staffs are designating "account executives" to personalize services to companies. Employer "advisory" committees are springing up in dozens of towns to get staffers mingling with company personnel officers. Significantly, the formula used to divvy up the federal funds among the states last year was changed to reflect individual states' placement performance. And extra weight is given for placing people in better jobs.

Yet the goals of the Employment Service aren't clear even to some insiders. William H. Kolberg, Assistant Secretary of Labor for Manpower, has noted that USES operates "not only under the authorizing Wagner-Peyser Act of 1933, but also under mandates stemming from 21 other pieces of federal legislation, 17 executive orders, 19 arrangements with other federal and state agencies and two court orders." A disgruntled Florida agency official puts it more bluntly: "I'm supposed to give preference to everyone, except the young white male—unless he happens to be a migrant worker."

Operations are improving in some areas, of course. Security Pacific National Bank in Los Angeles reports a "tremendous" increase in its job listings with USES since local officials began enforcing the mandatory listing rule in 1973. ("A lot of work had to be done to get us to comply" fully with the rule, a bank executive concedes.) The bank says it is pleased with USES. It hired its first entry-level management employees through the service—six in all—last year.

The Labor Department boasts that about 80% of the employers and jobseekers using the Employment Service are satisfied with the aid they received, according to the study being released today. But the study shows that the Employment Service is consulted during any given period by only about 25% of employers and 30% of jobseekers "as a part of their recruitment and job-search activities." The study, conducted for the department by a Philadelphia consulting firm, is based on interviews with about 800 employers and 2,000 jobseekers during the last half of 1974.

But gains in the white-collar sector remain elusive. The Employment Management Association, a consulting firm based in Weston, Mass., found in a 1974 survey of 420 employers that 70% hadn't filled a single professional position through USES.

Job Agencies' Ineptitude Turns Off Workers, Too

By a WALL STREET JOURNAL *Staff Reporter*

PITTSBURGH—It isn't only employers who often are turned off by the bureaucratic ineptitude of state employment agencies. Some jobseekers have the same reaction.

One man who recently switched from a state agency to the private concerns is David Rohde, a 24-year-old University of Pittsburgh graduate with a liberal arts degree and building-repair experience.

Mr. Rohde recalls going to the "professional" room of the downtown state employment office, where the blinds are drawn even at noon, and sitting around waiting for three hours. After he had been interviewed twice, a third staffer snapped at him, "What are you doing here? We have a staff meeting at four o'clock."

Undaunted, Mr. Rohde returned another day, and went through the whole rigmarole all over again—only to be told that the two job openings he had selected from the computerized "job bank" were already filled.

Bitterest Foes of USES Are Private Competitors

By a WALL STREET JOURNAL *Staff Reporter*

Despite all the woes of the U.S. Employment Service, fear of the agency still is evident among some of its bitterest opponents: many of the nation's more than 10,000 private employment agencies.

Alarmed by a 7% decline in their ranks last year, private agencies are fighting several pending bills in Congress—including proposals for mandatory listing of all jobs with USES—that would strengthen the government system. Apparently seeking ammunition, Deutsch, Shea & Evans Inc., a New York recruitment-advertising and consulting concern, polled 214 company personnel executives and announced that 70% opposed expansion of USES powers.

But Employment Service officials pooh-pooh private agencies' fears of government "competition." They argue that there is room for both to play bigger roles in the labor market.

DAV

CHARLES L. HUBER
NATIONAL DIRECTOR OF LEGISLATION

DISABLED AMERICAN VETERANS

NATIONAL SERVICE HEADQUARTERS
807 MAINE AVENUE, S.W.
WASHINGTON, D.C. 20024
202 554-3501

DEPUTY DIRECTOR
WILLIAM J. FLAHERTY

ASSISTANT DIRECTORS
WILLIAM B. GARDINER
JOHN F. HEILMAN
SAMUEL S. MICHAELS, JR

July 20, 1976

The Honorable Vance Hartke
Chairman
Committee on Veterans' Affairs
United State Senate
Washington, D.C. 20510

Dear Senator Hartke:

As requested in your letter dated July 7, 1976, I am pleased to offer the attached comments of the Disabled American Veterans on S-969 (as amended on 7/2/76), The Veterans' Education and Employment Assistance Act of 1976.

As a preface to the attached remarks, it should be first noted that the primary aim of the Disabled American Veterans is to promote the welfare and interests of America's service-connected war-time disabled veterans, their dependents and survivors. Our legislative activities, therefore, are focused primarily on those Federal veterans programs which have as a portion of their eligibility criteria, the incurrence of a service-related wound, injury or disease.

Generally speaking, DAV takes no official position on legislation which relates to veterans benefits that are "non-service-connected" in nature, that is, benefits the eligibility to which simply carries the prerequisite of a specified period of active military service and an honorable discharge. However, the DAV will oppose such legislation if it is evident that its enactment would impede or detract from securing needed improvements in the Federal benefits of our war-time service-connected disabled.

I trust this brief description of DAV legislative priorities will place in proper perspective our comments -- or lack of comments -- on the various provisions of the 1976 Education and Employment Assistance Act.

Sincerely yours,

Charles L. Huber

CHARLES L. HUBER
National Director of Legislation

CLH/dr

Attachment

VIEWS OF THE
DISABLED AMERICAN VETERANS
ON S-969
THE VETERANS' EDUCATION AND EMPLOYMENT ACT OF 1976

Title I

This portion of the Bill concerns the VA's Vocational Rehabilitation Program (Chapter 31, Title 38, U.S. Code) and contains the following sections:

> Section 101 would authorize, effective 10/1/76, an 8% increase in the monthly subsistence allowance rates of disabled veteran trainees.
>
> Section 102 would provide that Chapter 31 benefits can be extended at any time after the normal eligibility period cut-off date (9 years following discharge) if the VA Administrator determines that a veteran's service connected disability has rendered him unemployable and in need of vocational rehabilitation.
>
> Section 103 would permit service-connected disabled veterans to receive vocational rehabilitation training in Federal Agencies of the U.S. Government.

The DAV supports this increase in Chapter 31 benefit rates. These allowances were last adjusted two years ago by Public Law 93-508. Since that time, inflation has increased the cost of goods and services in this country by almost 15 per cent. Obviously, the 24,500 disabled veterans currently receiving vocational rehabilitation training are in need of the financial relief proposed by S-969.

The elimination of any final termination date for vocational rehabilitation training would satisfy a DAV National Convention Mandate (Resolution No. 268). In our opinion, the current maximum Chapter 31 cut-off date -- not beyond ten years after the normal termination date or 6/30/75, whichever is later -- is unamiable to the basic philosophy of the Vocational Rehabilitation Program. This philosophy is to provide training to a veteran who has need of such training due to a service-connected disability. It therefore matters not whether such need arises 1, 5 or 20 years following service discharge. Over one thousand disabled veterans in training had their Chapter 31 benefits terminated on June 30, 1975. These veterans were forced to either cease training or, if possible, assume the financial burden themselves at great personal and family sacrifice. Simple justice requires that their benefit entitlement be restored to them. I might add that the Veterans Administration has submitted a favorable report on this proposed liberalization of current law.

Authorizing vocational rehabilitation training by disabled veterans in Federal Agencies would greatly expand their employment opportunities and place them on parity with trainees employed by the Federal government under the Rehabilitation Act of 1973. We therefore support this section of S-969.

Title II

This portion of the Bill concerns educational benefits authorized by Chapter 34, Title 38, U.S. Code and, of its several sections, the DAV would comment on the following:

> Section 201 would authorize, effective 10/1/76, an 8% increase in educational and tutorial assistance allowances.
>
> Section 203 would provide (a) that a maximum amount of 45 months of GI Bill training be extended for approved programs of education in both undergraduate and post-graduate studies and (b) that maximum Chapter 34 benefits would be extended to veterans who served less than 18 months on active duty and received a medical discharge because of a service-connected disability.

Though the DAV has no National Convention mandate calling for an increase in Chapter 34 educational assistance allowances, if the program is to remain viable for those war-time-era veterans who have already earned benefit entitlement, then rates must be upwardly adjusted.

We also have no official position on allowing the extra nine months of Chapter 34 training authorized by PL-93-508 to be used for post-graduate work. However we do view this liberalization as a logical and reasonable benefit extension.

The DAV strongly supports maximum Chapter 34 entitlement for veterans of less than 18 months of military service who were medically discharged due to a service-connected disability.

In our opinion, any veteran whose military service was abruptly terminated by reason of a disability incurred in line of duty should be given special consideration. In this instance, the veteran's inability to serve out his full term of active duty -- and thereby gain full entitlement to Chapter 34 benefits -- was due to circumstances beyond his control, namely, his service-incurred disease or injury.

Title III

These provisions of the Bill concern dependents and survivors educational assistance under Chapter 35, Title 38, U.S. Code and contains the following sections.

> Section 301 would authorize, effective 10/1/76, an 8% increase in Chapter 35 educational assistance allowances.
>
> Section 303 would extend the maximum educational entitlement under Chapter 35 benefits from 36 months to 45 months.
>
> Section 304 would extend the eligibility period applicable to children in training under Chapter 35 assistance from five years to eight years following the date of the veteran's service-connected death or following the date of the total and permanent disability determination made by the VA.

The DAV supports the proposed rate adjustment in Chapter 35 benefits for reasons identical to those previously expressed in discussion of Chapter 31 benefit adjustments.

We also support a nine month increase in Chapter 35 educational entitlement, for it places these widows and children on a parity basis with those in training under Chapter 34 benefits.

The DAV supports a three year extention in the Chapter 35 eligibility period for children of deceased or totally disabled service-connected veterans. Educational pursuits in today's world are characterized by (1) a greater need for post-graduate studies and (2) higher educational costs which lead to a less than full-time study and part-time or full-time job relationship. This proposed extension is both a reasonable and necessary response to our country's lengthy educational process.

Title IV

This portion of S-969 contains sections 401 through 407 which propose the following major changes:

(1) The establishment of 12/31/76 as the termination date for gaining eligibility to educational benefits under Chapter 34, Title 38, U.S. Code.

(2) The establishment of a new "cost sharing" VA educational program for veterans entering active military on or after January 1, 1977.

(3) Provides that in the event universal military service (the draft) is reimposed, those entering service after this draft reinstatement would be eligible for educational benefits under Chapter 34, Title 38, U.S. Code.

The DAV, as mandated by the delegates to our most recent National Convention, supports termination of the current GI Bill program. You may recall the DAV so testified during hearings conducted last October by the Senate Subcommittee on Readjustment, Education and Employment.

Vietnam-era Chapter 34 benefits, as the similar programs of WWII and Korea, were created by the Congress for the purpose of restoring lost or postponed educational advancement opportunities to veterans who were inducted into military service during a war-time era. However, today the United States is no longer at war and those entering military service are now volunteers, not draftees. The current GI Bill program has achieved the goals for which it was created and, as were the programs of WWII and Korea, should be terminated. The billions upon billions of Federal dollars no longer necessary to "indefinitely" fund this program could be saved or well used in other areas, most notably in providing needed improvements in the benefits of our war-time disabled.

The premise upon which our support for termination of VA Chapter 34 educational benefits is based necessitates our opposition to that portion of S-969 which proposes to create a program of VA educational benefits for peace-time, non-disabled veterans of our now volunteer Army.

The DAV can well understand the reluctance on the part of Congress to "discontinue" a veterans program without offering something in return. But as pointed out above, there is a precedent for this -- WWII and Korea GI Bill benefits were terminated. We find it completely paradoxical and at cross purposes that S-969 proposes to terminate VA educational benefits for peace-time, able-bodied veterans and, at the same time, proposes to create VA educational benefits for this same category of veterans. And, less we deceive ourselves, it must be stated that though the proposed program is given a new name and placed on a VA/veteran cost-sharing basis, it is in essence simply a less costly continuation of Chapter 34 benefits.

And the cost, though decreased, is still very substantial. Chapter 34 benefits, under the current program, are estimated to require $4.6 Billion during Fiscal Year 1977 for some 2.7 million veterans in training. The VA's cost for maximum benefit entitlement under the new proposed program for this same number of veterans, which admittedly (though not likely) could be spread out over a ten year period, would be $14.7 Billion.

We must also comment on that portion of the Bill's language (in Section 404) which states that this new program is intended " ... to promote and assist the all volunteer military program of the United States by attracting qualified men and women to serve in the Armed Forces." The VA is not and should not be required to fund costly "recruitment incentives" for our military. That is the responsibility of the Department of Defense. Any educational program based on this premise should be funded by the DOD.

The DAV therefore opposes the initiation of any new educational program for peace-time, able-bodied veterans of volunteer forces if it is to be funded through VA appropriations.

We also do not think it necessary or advisable to at this time statutorily require the reavailability of Chapter 34 entitlement to future veterans, should universal military service be reimposed by law. Our government has reinstituted GI Bill benefits twice in the past when it felt circumstances warranted such action. No doubt similar actions would be contemplated and taken in the future if required. We feel this decision, based on events that have yet to occur, should not be preemptively made by the current Congress but left to future legislators who will be serving this country when and if these events occur.

Title VI

This portion of the Bill concerns the Veterans Employment Assistance Provisions contained in Title 38, U.S. Code.

The DAV strongly supports section 601 of the Bill which proposes to elevate the Director of the Veterans Employment Service to an Assistant Secretary of Labor status within the Department of Labor. Our organization has long felt that such action is necessary if the VES Director is to effectively promote employment opportunities for veterans, especially for disabled veterans.

In this same interest to provide maximum Federal/private employment rights and opportunities for both disabled and non-disabled veterans, the DAV suggests the following amendments to Title VI of S-969.

(1) Section 602 provides a new clause (Number 6) in Section 2003 of Chapter 41, Title 38, U.S. Code. In this new clause (6) add the words "especially disabled veterans" after the words "veteran" and "eligible veterans."

(2) Amend Section 2012(a) of Chapter 42, Title 38, U.S. Code as follows:

    A. Delete the words "in the amount of $10,000" and insert in lieu thereof the words "including national security and defense contracts and Federally assisted contracts in the amount of $2,500."

    B. After the sentence ending in the words "veterans of the Vietnam-era" and before the sentence beginning "The provisions of this section" insert the following three sentences: "Prior to awarding any contract, the contracting agency will conduct a pre-award compliance review to assure compliance with this section. Subsequent to the awarding of any contract, the contracting agency will conduct a post-compliance review to assure compliance with these provisions. All such pre- and post-compliance activities will be reported to the Secretary of Labor."

C. Strike the period following the words "such employment openings" and insert in lieu thereof the words "and advise all veterans referred to such openings of their rights to file a complaint as provided for in Section 2012(b)."

(3) In Section 2014 of Chapter 42, Title 38, U. S. Code redesignate paragraphs (d), (e) and (f) as paragraphs (e), (f) and (g) and insert the following new language as paragraph (d) "If any disabled veteran or veteran of the Vietnam-era believes that any Department, Agency or instrumentality in the Executive Branch (including the United States Postal Service and Postal Rate Commission) has failed to comply with affirmative actions or has been discriminated against because of a service-connected disability, relating to their employment and job advancement opportunities within the Federal Government, such veteran may file a complaint with the Chairman, Civil Service Commission. The Chairman, Civil Service Commission, shall issue appropriate regulations within 60 days of enactment of this Section which will establish a separate and distinct appeal process available to qualified disabled and Vietnam-era veterans. This complaint procedure shall be separate from any existing complaint procedure available to existing employees."

UNIVERSAL TRAINING SERVICE INC.
1901 N.W. 7 STREET • MIAMI, FLORIDA 33125
EXECUTIVE OFFICES

July 20, 1976

Senator Vance Hartke
United States Senate
Washington, D.C. 20510

RE: VETERANS EDUCATION AND EMPLOYMENT ASSISTANCE
ACT. S.969
AMENDMENT NO. 2005

Dear Senator Hartke:

I have enclosed herewith, comments submitted by Universal Training Service, relative to the above mentioned act.

I believe you and the Senate Veterans Affairs Committee have done an outstanding job throughout the years on behalf of all veterans. Accordingly, there are three areas of particular interest to our school in the proposed Act and I trust our comments will be distributed to all committee members as well as made part of the committee's official education hearing record.

I commend your fine effort in providing our nation's veterans with the utmost in educational and employment assistance.

Sincerely,

UNIVERSAL TRAINING SERVICE,INC.

E. McSwiggan, Jr.
President

EMcS:map
Encl.

UNIVERSAL TRAINING SERVICE INC.

1901 N.W. 7 STREET • MIAMI, FLORIDA 33125

EXECUTIVE OFFICES

-1-

VETERANS EDUCATION AND EMPLOYMENT ASSISTANCE ACT S.969 AMENDMENT NO. 2005

COMMENTS SUBMITTED BY: UNIVERSAL TRAINING SERVICE,INC
1901 N.W. 7th Street
Miami, Florida 33125

1. TITLE IV - POST VIETNAM ERA VETERANS'RE-ADJUSTMENT ASSISTANCE ACT.
SUBCHAPTER III - Entitlement; Duration 1631. Entitlement; Loan Eligibility
SECTION (2)
PARA. (3) Payment of benefits under this chapter may be made only after an eligible veteran has been discharged or released from active duty and only for such periods of time during which the eligible veteran is actually enrolled in and pursuing an approved program of education. Benefits payable under this chapter may not be assigned.

OPINION: This provision would deny the servicemen the opportunity to use his benefits prior to his formal discharge. Our school experience shows many in-service personnel want to begin earning a living immediately after their separation from service. He or she is anxious to get a head start on their future.

Since our school offers a combination correspondence/resident training program, many servicemen begin their training by correspondence during the last few months of active duty. Upon separation from service, they immediately come into the resident training, which is offered year-round. After a few months of intensive practical training, they are ready for full time employment and become taxpayers.

We believe Section (a) Para. (3) should be deleted from this act or amended as follows:

"Payment of benefits under this chapter may be made only after an eligible servicemen has six months or less remaining active duty time. The eligible servicemen must enroll in and pursue only an approved program of education."

2. TITLE V - CHAPTER 36 EDUCATION LOAN AND PROGRAM ADMINISTRATION AMENDMENTS.
SECTION 505
PARA.(5) To any eligible veteran or person for pursuit of the correspondence portion of a combination correspondence-residence course leading to a vocational objectives if the correspondence portion is completed in less than 6 months.

OPINION: The true advantage of correspondence education is to allow the individual student to study at his own speed.

UNIVERSAL TRAINING SERVICE INC.

1901 N.W. 7 STREET • MIAMI, FLORIDA 33125

EXECUTIVE OFFICES

OPINION: Each student progresses at his own pace. By arbitrarily imposing a certain minimum time element on completion, it will in effect take away the real benefit and worthwhile purpose of study.

After reviewing and recording thousands of our students' progress throughout the last 30 years, our analysis depicts each student as an unique individual whose study habits vary depending on educational background, environment and motivation. To restrict this type of student would take away the primary reason for his/her enrolling in any program. Our studies conclude that some students take up to two (2) years to complete the correspondence portion of our course, while others who are more eager and ready to learn may take 4-5 months. Let's not penalize the serious minded student who wants to get ahead in life.

We believe Section (505) Para (5) should be amended as follows:

"To any eligible veteran or person for pursuit of the correspondence portion of a combination correspondence-resident course leading to a vocational objectives if the average student completion time of the correspondence portion is less than 6 months.

3. TITLE VII - MISCELLANEOUS AND EFFECTIVE DATE

SECTION (701): SECTION 3101(a) of Title 38, United States Code, is Amended by adding at the end thereof the following:

"For the purposes of this subsection, in any case where a payee of an educational assistance allowance has designated the address of an attorney-in-fact as the payee's address for the purpose of receiving his or her benefit check and has also executed a Power of Attorney giving the Attorney-in-fact authority to negotiate such benefit check, such action shall be deemed to be an assignment and is prohibited."

OPINION The paramount purpose of Amendment 2005 is to provide more adequate educational and employment assistance for our nation's veterans. It is also intended to prevent or reduce abuses under the G.I.Bill program.

Due to an alarming increase in overpayments by the VA it is commendable that provisions be written into the law to curb such practices. However, by prohibiting the assignment of a veterans' benefit check to an authorized attorney-in-fact, it will indeed encourage some veterans to take financial advantage of both the veterans administration and the institution they attend, either college or vocational school.

UNIVERSAL TRAINING SERVICE INC.

1903 N.W. 7 STREET • MIAMI, FLORIDA 33125

EXECUTIVE OFFICES

-3-

OPINION Our method of instruction is a proven success By combining correspondence with resident training we achieve the best of both educational functions. But before a student can be admitted to the residency portion of the program, he must have completed and paid for his correspondence lessons Our past school experiences indicates that many veterans who were enrolled, mysteriously "dropped out", soon after receiving their benefit check for correspondence lessons The reason is obvious, they were using VA educational monies for personal uses. This practice was widespread prior to Administrators Decision, Veterans' Administration No 993 issued December 6, 1972 This decision clearly states that the V A is without authority to withhold benefit payment checks drawn in favor of its beneficiaries merely on the basis that the beneficiary has attempted to assign such benefits

When a veteran assigns his benefits to an Attorney-in-Fact for correspondence education, the V A is automatically assured there will be no overpayments This is because the school is only paid for lessons the veteran has actually completed This insures that the benefit check is used for educational purposes and non other

We believe section (701) should be amended to read:

"For the purpose of this subsection, any payee of an educational assistance allowance has the right to designate the address of an Attorney-in-Fact as the payee's address for the purpose of receiving his or her benefit check and has the right to execute a Power of Attorney giving the Attorney-in-Fact the authority to negotiate such benefit check, such action shall be deemed to be an assignment "

(OR)

For the purposes of this subsection, in any case where a payee of an educational assistance allowance has designated the address of an Attorney-in-Fact as the payee s address for the purpose of receiving his or her benefit check and has also executed a Power of Attorney giving the Attorney-in-Fact authority to negotiate such benefit check, such action shall be deemed an assignment and is prohibited if the educational institution has more than 85 percent of its students assigning their benefits.

PVA
paralyzed veterans of america
Chartered by United States Congress
7315 Wisconsin Ave., Suite 300-W, Washington, D.C. 20014, (301) 652-2135

Statement of Lawrence W. Roffee, Jr., Legislative Director
Paralyzed Veterans of America
to the
Senate Committee on Veterans Affairs
Subcommittee on Readjustment, Education, and Employment
on
Amendment No. 2005 to S. 969
The Veterans Education and Employment Assistance Act

July 22, 1976

Mr. Chairman, the Paralyzed Veterans of America appreciates this opportunity to comment on Amendment No. 2005, a substitute amendment to S. 969, The Veterans Education and Employment Assistance Act of 1976. This amendment is once again testimony to the dedication yourself, this committee, and its staff all have to veterans.

First of all, PVA feels that the 8% cost-of-living increase proposed for education and training benefits under Chapters 31, 34 and 35 of Title 38 is equitable. We do wish it could be higher, however we realize we are all functioning under pressure to keep Federal spending down, and must remain within the target level of spending for Veterans Benefits and Services established in the First Concurrent Resolution on the Budget.

Secondly, PVA has consistently opposed proposals to terminate education and training benefits for veterans discharged since the end of the Vietnam Era. We believe the advantages which accrue to the individual veteran, in terms of increased opportunities, higher income, and greater self-esteem, from post secondary education or training, alone merit the continuation of a GI Bill. We also believe advantages accrue to society as a whole from the veterans having increased education levels. Not least important is the effect of an education entitlement as a recruitment incentive.

It is also PVA's position that the current education entitlements, particularly those of Chapter 34, must be partially viewed as readjustment benefits for wartime veterans and draftees regardless of their period of service. We also realize, once again, the budgetary constraints the Committee is operating under.

In view of all these above factors, PVA feels the Post-Vietnam Era Veterans Assistance Act as proposed in Title IV of the amendment is a very imaginative and feasible program to insure the continuation of education and training benefits for future veterans. The new program would seem to retain many of the advantages of the current program, yet drastically reduce the overall cost to the VA. The monetary commitment it requires from the veteran during his military service would seem to insure that the VA's dollars are indeed spent on education, and not abused. The proposed program has PVA's wholehearted endorsement.

As I am sure the Committee is aware, Paralyzed Veterans of America represents many of this nation's most catastrophically disabled veterans. Because of our injuries we all have come to realize the importance of readjustment, rehabilitation, and educational training. A spinal cord injury which confines a person to a wheelchair is a very traumatic experience requiring a long period of readjustment to an entirely new life style. Education and training are crucial to that rehabilitation and readjustment. Many times a veteran must plan an entirely new career or vocation that is within the limits of his disability. Additionally, the process of getting an education becomes an important factor in the readjustment of a catastrophically disabled veteran. He learns to accept himself, his injury, and his abilities as he interacts in the educational environment.

However, this entire rehabilitation process is a slow one. Catastrophically disabled veterans have spent an average of almost three (3) years in hospitals. Once they are discharged, they face many medical complications which require additional periods of hospitalization or being confined to their home. In short, we face many time consuming interruptions in our rehabilitation. This is time which cannot be spent in school or training.

Mr. Chairman, the results of a survey of PVA's non-service connected members show, unfortunately, that this entire rehabilitation process is not leading to gainful employment for the vast majority of the catastrophically disabled veterans. Our figures show that 87% of these veterans are unemployed. The following table shows the reasons the veterans reported as to why they are unemployed:

1.	Disability too severe	48.3%	(707)
2.	Would lose more by working at at full capacity than now receive in benefits	27.7%	(406)
3.	Do not have the physical tolerance	13.0%	(191)
4.	Other personal reasons	10.4%	(153)
5.	Do not want to work	0.05%	(8)
		87%	(1,465)

At the same time, 76%, or 1,105 of these unemployed veterans reported they would accept employment at a living wage if they had the opportunity to be trained at a job that is within the limits of their disability. Clearly, the majority of this group of veterans has a desire to return to work. In doing this there are two major barriers to remove. We must insure adequate time and guidance for the severely disabled veteran's education and retraining. And, we must reduce the discrimination in the employment of handicapped people.

In light of our survey findings and these brief conclusions, there are several provisions in the amendment to S. 969 which PVA enthusiastically supports.

Section 104 of the amendment would remove the termination date of June 30, 1975 and the 10-year limit in Section 1503(c) of Title 38. This will be of great value to the service-connected catastrophically disabled veterans receiving vocational rehabilitation under Chapter 31. Section 204 of the amendment which extends the time of the educational entitlement under Chapter 34 for periods when a veteran is prevented from completing his or her education program because of a physical or mental disability, will be of great value to the non-service-connected catastrophically disabled veterans. Three (3) years of hospitalization and frequent returns add up to significant chunks out of the 10-year eligibility period. PVA also endorses the extension of benefits from a 36 to 45 month period to include graduate studies.

The survey findings on the disasterous unemployment rate of catastrophically disabled veterans are the basis of PVA's strong support of the provisions relating to employment of Title VI of the amendment. We believe creating the position of an Assistant Secretary of Labor for Veterans Employment is desirable and necessary. Our hope is that he be given, either by statute or regulation, the authority and capability to effectively do his job.

We also strongly support the proposed amendment to Section 2012 of Title 38. It has long been PVA's position that the employment programs for the disabled and Vietnam veterans established in Sections 2012 and 2014 of Title 38, and Sections 501, 503 and 504 of the Vocational Rehabilitation Act of 1973 do not contain any effective enforcement measures. A strong grievance procedure is needed for cases of discrimination from Federal Government contractors and lack of good faith with the affirmative action programs in the Federal agencies. Requiring more detailed reports on veterans complaints under Section 2012 (b) of Title 38 as proposed in Section 606 of Amendment No. 2005 is a welcome first step. We hope the Committee will closely monitor these reports, and if it appears the Federal contractors are not following the full intent of Congress, we hope this Committee will consider further legislative changes.

We also hope this Committee will continue to closely monitor the implementation of the recent regulations promulgated pursuant to provisions in the Vietnam Era Veterans Readjustment Assistance Act of 1974. If the Federal agencies do not establish effective Affirmative Action programs, we hope this Committee will again consider legislative changes. There should be some effective way to enforce compliance with the Affirmative Action programs under Section 2014 of Title 38. If it appears necessary, we urge this Committee to consider establishing a grievance procedure similar to that in the Civil Rights Act of 1964 or that which is proposed for the Vocational Rehabilitation Act of 1973 in H.R. 13527.

There are two additional changes in Section 2012 which PVA believes desirable, and hopes the Committee will include them in Amendment No. 2005. First of all, we believe it should be made clear that "any contractor" in Section 2012 (a) of Title 38 includes contractual work in the area of national security and defense. Secondly, we believe the minimum contract amount in Section 2012 (a) should be reduced from $10,000. to $2,700. This will broaden the coverage and parallel the Vocational Rehabilitation Act of 1973.

Mr. Chairman, PVA is concerned about the recent abuses of the VA's educational benefits. We believe all parties, the student veterans, the school administrators and the VA must share parts of the blame. We do support the provisions in various sections of Amendment 2005 that are designed to prevent the abuses. Our concern is that some of the proposed changes could curtail the flexibility needed in graduate education. We do not believe the abuses of the GI Bill have come from graduate students, and we hope the changes would not adversely effect them.

Sections 207 and 307 of Amendment No. 2005 relate to the standards of progress towards a degree in Sections 1674 and 1724 of Title 38. We hope that the Committee will make it clear to the Administrator that obtaining a graduate degree is a slow process. Many times a student's progress is dependent upon when courses he needs are offered. We hope situations like this will be considered "mitigating circumstances". In relation to the new clause (4) added to Section 1780 (a) of Title 38, we hope the Administrator realizes that in graduate work some courses are necessary and required, yet the grade and credit does not go toward computing the requirements for the graduate degree.

In summary, PVA believes the 8% cost-of-living increase is equitable. The adjustments in the eligibility periods of Chapter 31 and 34 benefits will be very valuable to all severely disabled veterans where education is a key to their total rehabilitation. We also strongly endorse strengthening the employment provisions in Title 38 as they relate to disabled and Vietnam veterans. We believe the Post-Vietnam Era Veterans Readjustment Assistance Act is imaginative and feasible.

It is obvious the Committee has studied the problems and needs of all veterans with respect to the education programs in Title 38. PVA appreciates your attentive ear and hard work.

IONA COLLEGE
New Rochelle, N.Y. 10801

VETERANS' AFFAIRS COMM.
2 - 1976

July 22, 1976

Senator Vance Hartke
Chairman
Committee on Veterans Affairs
United States Senate
Washington, D.C. 20510

Dear Senator Hartke:

As Veterans Counselor at Iona College, New Rochelle, New York, I am responding to your remarks in the Senate of July 2, 1976 as they pertain to the Veterans Education and Employment Assistance Act of 1976 (S.969). I am limiting my discussion to Title IV of the legislative proposals, i.e., to the Post-Vietnam Era veteran's Readjustment Assistance Act.

Under present circumstances, the military service has a great need for highly qualified individuals. It is recognized that over the past few years the incentive of G.I. benefits has been a tremendous attraction in military recruiting. The need for some sort of post-military education benefit is desirable not alone from the perspective of military recruiting policies. From a broader social perspective the ability to acquire vertical mobility from one's military experience has been seen by political scientists as an asset of military life in all parts of the world, particularly in underdeveloped countries. But even in the United States there is much to be said for this. In the years after 1945 the G.I. Bill directly contributed to what would be called in Rostovian terms as the "take-off" in America's move toward post-industrial technology. The G.I. Bill for World War II veterans was the means by which large masses of individuals were able to move into the middle class style of life in the post-depression, post-war world. The Bill thereby enabled them to contribute to the social welfare to a far greater extent than would have been possible for them before this legislation came into existence.

The availability of veterans' education benefits has the advantage of increasing one's stake in society and in the future of one's self and in the Republic. In a time in which military service, because of the increased rates of pay, is looked upon as approaching mercenary status, the availability of such education benefits increases the social commitment of the individual in service.

In contrast with the former G.I. Bill Legislation the proposed Chapter 32 is characterized by the individual's willingness to make a small sacrifice for the sake of larger future gains. To this extent, it conforms with the traditional ideal of our Republic of the individual helping himself in order to get ahead. This new approach is perhaps needed at a time when abuses within the G.I. Bill by veterans and even by institutions of learning have led to Chapter 34 acquiring the reputation of being a welfare handout. Chapter 32 also conforms with the successful matching grant formula of recent Federal benefits legislation. It requires veterans to make sacrifice which in turn is added to by the grant which made by federal agencies to the individual.

In hearings in the House of Representatives one member of the Veterans' Affairs Committee of that body made a remark that veterans' education benefits are not intended to subsidize Higher Education. Nevertheless, this has become the case. Since the institution of the G.I. Bill at the end of the Second World War, there has been a revolution in higher education with regard to access to it by the mass of the population. On the one hand, this has contributed to the above-mentioned expansion of the American economy through the availability of its benefits by large masses. On the other hand, this has contributed to a belief in the desirable universality of a college education. Perhaps, on this basis, college has been oversold. The old American dream that mere citizenship in this Republic would lead one to streets paved with gold, has over recent generations been replaced by the new dream that a college degree would lead one to streets paved with gold. Recent years have proved the fallacy of this belief. We have found that the possession of a degree does not guarantee success. We have found that, many people with such degrees are considered by the employment market to be "overqualified" individuals, thus leading such people to be a unique group within our underpriviledged, underemployed, population. College in fact, has been overdemocratized over the years, which has brought abuses in the educational process and a loss of educational quality, especially where reputable academic practices have been employed. To the extent that many institutions have been relying upon the G.I. Bill to establish programs of dubious academic quality, the fact that the proposed Chapter 32 requires the individual to make some sacrifice himself, leads one to think that this type of program would seriously limit the potential for the development or continuation of disreputable programs which have contributed to the reputation for abuse that Chapter 34 has acquired of late.

Chapter 32, with all of its assets, does inevitably possess some limitations. I would agree with Senator Hartke that "the Veteran's Education and Employement Assistance Act of 1976 is neither a completely finished product or all that I would like it to be."

In its administration, as presently established, the individual desiring to get the fullest use of it would have to begin participation from the beginning of his 36 month tour of active service. This would place great stress upon the military recruiters and the personnel in basic training installations in order to get the message across about it. These two sources of information for potential recruits or are far from the best transmitters of this type of information, however valuable it could be for the individual serviceman or women. My experience with Project AHEAD has been that the recruiters consider such information to be extraneous to themselves and to their mission, so they tend not to stress it. In addition to the difficulties that could be encountered at the recruiting station, basic training is not the best area for one to pick up information about a program which would concern himself far into the future. The nature of basic training is such that one is extremely present-minded. Because of such factors it might be desirable for there to be a provision for retroactive enrollment by interested service personnel in the Chapter 32 program. Many people who might be informed about Chapter 32 at recruiting station or in basic training might not be interested in it at the time that they initially hear about it but would become strongly interested long afterwards. Provisions should be made that at any time during a person's enlistment, he or she could be able to make a retroactive payment of the desired amount between $50 and $75 per month for each month that he or she has been in active service.

The present G.I. Bill has been attacked from many sources as an encouragement for people to leave the service at the end of their first enlistment. According to this claim, the Bill has only limited use as a recruiting device. Because the present G.I. Bill can be utilized by in-service personnel this argument is invalid. But the structure of the proposed Chapter 32 is such that it could only be utilized by post-service personnel and would thereby encounter with the objection made by opponents of existing G.I. Bill legislation. Therefore, provision should be made for in-service utilization of Chapter 32 by career military personnel.

Another objection which I would have to the present state of Chapter 32 is the lack of specificity as to Department of Defense contributions to the monthly education allowance for the veteran. There should be a minimum legal requirement for the Department of Defense input into the monthly benefit. D.O.D. funding of educational programs has been in precarious state in recent years. In order to match the level of projected Chapter 34 benefits the minimum Department of Defense contribution should be one-to-one. The Department of Defense could increase its contribution beyond the minimum for people which it desires to attract into certain branches or specialities and also to give it sufficient flexibility to attract people when recruiting would fall off and additional incentives are needed for recruiting.

As the present Chapter 32 stands, there would be a liability for married enlisted personnel. The present legislation would call for the individual to sacrifice between $50 and $75 per month for a future benefit. Whereas this has its advantageous aspects as mentioned above, there is a definite liability for in-service married personnel. Even with the improved income level of military personnel and with their access to government housing and to commissary and exchange facilities, many of such married personnel live extremely close to the poverty line and would be unable to make even a minimum contribution of $50 per month for their future education. There should be some provision for a lowering of this amount for married personnel. In addition to the liability placed upon married enlisted military personnel with regard to the contribution which they must make, there is, in the proposed legislation, no supplement for additional payments to be made to veterans who are married. Under the present Chapter 34 additional payments are made to veterans who have dependents to support. The change proposed between Chapter 32 as compared with Chapter 34 might perhaps be desirable from the vantage point of population control advocates, as it would encourage postponing marriage until after graduation, but in practice it would discriminate against married veterans because of the extra strain incurred by them in going to school.

Such veterans generally go to school at night, they have greater overall expenses than the single veteran, and the fact that they obtain education on a part-time basis would perhaps bring them up to the proposed ten-year time limit without yet having obtained their final educational goal.

Administratively, the Veterans Administration would have to make changes in the process of application and certification in distinguishing between veterans covered by Chapter 34 and those covered by Chapter 32. Perhaps this could be accomplished by a simple modification of existing forms 1990 and 1999. On these forms it could be possible merely to indicate whether the veteran applying for benefits or being certified is covered by the one chapter or by the other. On the other hand, the Veterans Administration could follow the existing practice of having different forms utitilized for different educational benefit Chapters. If it follows the latter precedent those individuals at institutions of higher learning who are concerned with the administration of V.A. benefits would find themselves saddled with new forms and new procedures to master. This being the case the federal program to study the potential elimination of excess government paper work would find itself defeated in this area.

All in all, most institutions of high learning throughout the country would perhaps prefer a continuation of Chapter 34 benefits for all personnel entering the military service as well as for those who possessed such benefits up until May 31, 1976. Nevertheless, in the words of the French political leader Jean Jaures, "politics is the art of the possible." This proposed legislation, for all of its minor faults, is within the realm of the possible. It follows the necessary tradition of constitutional republics of reaching a compromise between conflicting interests and principles. Because it would limit utilization of educational benefits to those veterans who have a serious interest in improving themselves, there would be less of an outflow of federal funds per veteran than under the existing G.I. Bill structure. In the final result, I would prefer to see some kind of action instead of matters simply hanging in limbo as they have been for the better part of a year now. While we would still like to see those veterans whose benefits expired on May 31 have a shot at a continuation of benefits until they complete their projected academic program, and would like to see the present structure continued, I recognize that matters cannot always approach the desired ideal. Therefore, the proposed Chapter 32 is one to which I can lend my strong support.

Sincerely,

Walter J. Johanson

Walter J. Johanson
Veterans Counselor
Iona College
New Rochelle, New York 10801

mg/th2/01-4

SAN DIEGO COMMUNITY COLLEGE DISTRICT
3375 Camino del Rio South
San Diego, California 92108
(714) 280-7610

OFFICE OF THE CHANCELLOR

July 22, 1976

The Honorable Vance Hartke
Senate of the United States
Room 313
Old Senate Office Building
Washington, D.C. 20510

Dear Senator Hartke:

You have our support and appreciation for your extensive efforts to save the PREP Program, as outlined in your remarks to the Senate on July 2, 1976.

The San Diego Community College District is wholly in accord with your concern that PREP be saved. The more than 11,000 service personnel who have participated in this program since its inception in February 1972 are dramatic evidence of PREP's salutary effectiveness. In an era of an all-voluntary military personnel, the importance of PREP is greatly increased.

We stand ready, Senator Hartke, to assist in whatever way we can to strengthen your efforts to continue PREP. Our district is presently in the process of informing other members of your Committee of our unyielding belief that PREP adds a special dimension to the lives of our military personnel.

Thank you again for your efforts.

Sincerely,

Garland P Peed

Garland P. Peed
Chancellor

GPP:lks

cc: Guy McMichael
Senate Veterans' Affairs Committee
Room 414
Old Senate Office Building
Washington, D.C. 20510

"THE COMMUNITY IS OUR CAMPUS"
Adult and Continuing Education Centers • City College • Educational and Cultural Complex • Evening College • Mesa College • Miramar College

AMVETS
AMERICAN VETERANS OF WORLD WAR II-KOREA-VIET NAM
AMVETS National Headquarters
1710 Rhode Island Avenue, N.W., Washington, D.C. 20036 (202) 223-9550

ROBERT A SMIFFEN
National Service & Legislative Director

July 26, 1976

VETERANS' AFFAIRS COMM.
JUL 27 1976
WASHINGTON, D.C. 20510

The Honorable Vance Hartke
Chairman, Veterans' Affairs Committee
313 Russell Senate Office Building
Washington, D.C. 20510

Dear Mr. Chairman:

In reference to Amendment No. 2005 (The Veterans Education and Employment Assistance Act of 1976), AMVETS has carefully studied the many facets of this proposed legislation. The following are our views in reference to Amendment No. 2005, S.969.

TITLE I

1. AMVETS fully supports the 8% increase in the subsistence allowance paid disabled veterans pursuing a course of vocational rehabilitation under Chapter 31 of Title 38, U.S. Code. We are in full concurrence with your view that this cost-of-living increase does not account fully for the changes in the Consumer Price Index since September, 1974.

2. We are in favor of eliminating the current termination date for use by seriously disabled veterans of Chapter 31 benefits when it is determined that such veterans are still in need of vocational rehabilitation.

3. The concept that permits Chapter 31 trainees to be trained in Federal agency facilities on the same basis as trainees under the Rehabilitation Act of 1973 is in our estimation a substantive step to insure increased employment opportunities for Federal employment. We would further recommend that the experience gained by this training should hold considerable weight and be counted as qualified experience when that trainee applies for employment with the Federal Government.

TITLE II

1. AMVETS is in favor of the 8% increase in educational assistance allowance paid eligible veterans pursuing a program of education, including farm cooperative, elementary and secondary education and preparatory educational assistance under Chapter 34 of Title 38, U.S. Code.

2. AMVETS supports the 8% increase for individualized tutorial assistance.

3. AMVETS has no objection to extending the tutorial assistance program in certain cases to veterans enrolled in institutional or technical courses not

leading to a college degree. However, we believe it is imperative that the controls to prevent and reduce abuses in this specific area should be extremely stringent.

4. We are in concurrence in removing the current restriction to undergraduates use of the nine months of additional benefit entitlement granted in 1974 thereby allowing a maximum of forty-five months of eligibility for an approved program of education including graduate work. Our highly technical society has for a long time required advanced study/graduate work for many entry level positions. We are aware that the Senate Veterans' Affairs Committee has favored this particular issue.

5. It is our belief that an extension of the ten year delimiting period for use of Veterans Administration benefits for such periods of time that a veteran is prevented from completing his or her program of education because of physical or mental disability not as a result of the veteran's misconduct will clear up a longstanding injustice.

6. Allowing maximum entitlement for benefits under Chapter 34 for service of less than eighteen months if the veteran received a medical discharge because of a service-connected disability is an issue that merits the strong support of AMVETS.

7. The subject of terminating authority for new enrollments in flight training effective October 1, 1976 is an issue that will have to be referred to our National Convention to be held next month for their determination. We will report our position to you as soon as that determination is made.

8. In light of recent abuses of the Veterans Administration Education Assistance Program, it is the recommendation of AMVETS that the administrative provisions put forth by your Committee be strengthened so that there is a significant improvement in the amount of abuse.

9. In reference to the provision that extends to all programs of education, the requirement that no more than 85% of the students enrolled in certain approved courses be in receipt of Veterans Administration benefits or other Federal grants. Again, this is a subject that will have to be considered at our National Convention, the termination of which will have to be reported back to your Committee some time in mid-August. It would be beneficial for us to have some clarification on this issue, such as (a) will there be flexibility enough in this provision to consider intercity schools who may have a higher than 85% ratio because of its geographic location and its low income constituency? (b) what is the per ratio?

10. We will also take up at our National Convention the provision to amend the veterans' student services program to permit completion of a work study agreement even if the veteran ceases to be a full-time student.

TITLE III

1. Granting an 8% educational assistance allowance paid survivors of veterans who died of service-connected causes and dependents of seriously disabled veterans is consistent with the previous articles of this Act and therefore supported by our organization.

2. AMVETS has no opposition to extending maximum entitlement to benefits from 36 to 45 months for all persons training under Chapter 35.

3. The intent of the provision that liberalizing the period of eligibility for use by eligible children of educational assistance benefits under Chapter 35 is not quite clear. It is my understanding that this provision refers to Sec. 303, Section 1711 of Title 38, U.S. Code, Number 5.A, 5.B. If my assumption is correct, then AMVETS would support this provision. If my understanding is not correct, I would request clarification.

4. Consistent with the other Titles of this Amendment, we support strengthening of administrative procedures of this Title to prevent and reduce abuses.

TITLE IV

1. The present position of AMVETS in reference to a peacetime G.I. Bill was recently put forth before your Committee by our National Commander, Paul C. Welsh, on March 24, 1976 as part of AMVETS' 1976 Legislative Program. That position is:

"AMVETS now agrees that the new all-volunteer Armed Forces presents compelling concepts that alter our feelings regarding G.I. training. We are in agreement that the G.I. Bill was founded on the premise of providing readjustment assistance to partially make up for the time lost and the sacrifices put forth in the National interest of the country during wartime service. Today the Selective Service System has been dismantled and this Nation no longer has compulsory military service which was the basis for all three G.I. Bills. This new volunteer structure regarding our Armed Forces places future responsibility for the education of the peacetime volunteer where it properly belongs--under the Department of Defense. This action would allow the cultural, social and economic investment impact of the G.I. Bill to continue to contribute to the future of this Nation without taking its toll on other veterans' benefits."

However, the concept of a new Post Viet Nam Era Veterans' Educational and Assistance Program in the form you have proposed is a subject I believe will require careful study by AMVETS in National Convention to determine whether this alternative is viable enough so that our present position would be reversed. As Legislative Director for AMVETS and at first glance, Chapter 32 seems to be a new direction and thereby another alternative which will warrant a close study and discussion by the proper committee and delegates at our National Convention. As soon as our Convention is over, I will be most happy to report to you our position on this subject.

TITLE V

1. We support the cost-of-living provision of this Title without qualification.

2. It is obvious that the Annual Veterans Administration Educational Loan Program available for eligible veterans, survivors and dependents has assisted many veterans. Increasing the amount of loan from $600 to $1,200 maximum annually is a good concept and, therefore, merits the strong support of our organization.

3. We are in concurrence with the intent of this provision to amend the Veterans Administration educational loan program to provide that interest charges on such loans shall be comparable to but shall not exceed those charged students under other Federally insured loan programs. The equalizing of interest charges under this provision is only just.

4. We support administrative provisions that will prevent or reduce abuses.

5. AMVETS has no objection to the provision that permits Veterans Administration payments for intervals between school terms providing such periods do not exceed thirty days.

6. In reference to providing an 8% increase for administrative expenses incurred by state approving agencies in supervising approved educational institutions and further permitting in certain cases subcontracting by state agencies, we of AMVETS strongly support this provision.

7. We are in favor of increasing by $2 the reporting fee paid to institutions by each veteran or eligible person enrolled therein.

8. It is our position that the Educational Advisory Committee to the Veterans Administration should be improved and strengthened.

9. Our organization supports the repeal of the current forty-eight month limitation for benefit and entitlement to any person eligible for training under more than one Veterans Administration education assistance program.

TITLE VI

1. As part of AMVETS' 1976 Legislative Program, we have recommended to the Congress that the position of Director of the Veterans Employment Service be elevated to the position of Assistant Secretary of Labor for Veterans' Affairs. Therefore, this provision has the full and unqualified support of our organization.

2. AMVETS is convinced that this Committee and the Congress must direct continuing attention and monitoring to the various programs which provide some small measure of preferential consideration to fully qualified veterans in obtaining and retaining suitable employment in both public service and private industry. To this end, AMVETS would like to bring to the attention of this Committee our mandated position for an essential employment program.

AMVETS urges and supports a vigorous program in Federal employment to insure that the benefits and preferences embodied in the Veterans' Preference Act of 1944, as amended, are strictly enforced both as to the letter of the law and to the intent of the law and are not permitted to become by lip service only platitudes reduced to paper. The Federal Government is the largest single employer in the United States. Yet we see the percentage of veterans hired by the Federal Government continuously decreasing. This decrease cannot be attributed to the advancing age of veterans and the withdrawal of veterans from the workforce. Rather, it is felt that the program of veteran preference in Federal employment is being given passive rather than active consideration resulting in part at least from the emphasis being placed on other programs which have current popularity, namely, those programs being sponsored and given prominence as the result of the publicity given to the Civil Rights Act and its subsequent amendments.

Therefore, any action taken by your Committee to expand and strengthen the administrative controls to ensure that eligible veterans receive satisfactory employment assistance would be most welcome and strongly backed the the AMVETS organization.

TITLE VII

AMVETS is in agreement with both provisions of this Title.

The numerous provisions of this legislation compels AMVETS to be conscious of the funding factor involved in this legislation. Obviously under no circumstances would AMVETS support the funding of the new concepts proposed by Chapter 32 out of Fiscal 1977 Veterans Administration budgeted allocations for on-going programs and would be contingent upon approval of the appropriate additional funds to the Veterans Administration to fulfill the intent of this legislation without affecting the present on-going programs.

We will attempt to be timely with a report to your Committee on the provisions that we have not been able to take a position on. If there are any questions in reference to our written comments, please do not hesitate to contact me. It is our hope that our comments will be helpful in your Committee's deliberations on this Amendment.

Very truly yours,

Robert A. Sniffen
ROBERT A. SNIFFEN
National Service and Legislative Director

RAS:dal

International Programs
Office of the Director

The Florida State University
Tallahassee, Florida 32306

July 26, 1976

The Honorable Vance Hartke
United States Senate
Washington, DC 20510

My dear Senator Hartke:

I have read your letter of July 14 and reviewed Amendment No. 2005 to the "Veterans Education and Employment Assistance Act - S.969."

I wish to congratulate you and Senator Stafford for what I believe to be sound judgments for both the veteran and education. Your amendment suggests some long range advantages for improving the educational level of both the military and eventually the civilian labor market.

I strongly recommend that PREP be continued under VA's jurisdiction. The overall education advantages derived from PREP go far beyond the military needs for upgrading enlisted personnel. With PREP under VA jurisdiction the temptation to mold its education direction to fit the military's specific needs of the time will be lessened if not removed.

I am certain those of us from institutions of higher education involved with PREP and the many servicemen and women on active duty who hope to improve themselves will endorse your amendment.

Sincerely,

Robert F. Coyne, Director
International Programs

cc: The Honorable Lawton Chiles
The Honorable Richard Stone

Belgrade Florence London Panama Canal Zone

The American Legion

Department of Minnesota

STATE VETERANS SERVICE BUILDING · ST. PAUL, MINNESOTA 55155 · PHONE (612) 291-1800

July 27, 1976

The Honorable Vance Hartke
Senator-Indiana
Chairman, Senate Veterans Affairs Committee
Washington, D. C. 20510

Dear Senator Hartke:

This letter addresses itself to Amendment No. 2005, the "Veterans Education and Employment Assistance Act of 1976," which is a substitution to S 969.

The Department of Minnesota American Legion strongly supports and urges that a Veterans Employment Service be created within the Department of Labor and that the Service be headed by an Assistant Secretary of Labor for Veterans Employment.

Concern and assistance for veterans employment has steadily declined and we are convinced that the only solution to this problem will be the appointment of an Assistant Secretary of Labor. Unfortunately, we have found that the several layers of bureaucracy that exist within the Department of Labor have stifled the voice of the veteran and any position less than that of an Assistant Secretary of Labor is not acceptable to us.

Thank you very much for your consideration and support for Amendment No. 2005.

Thank you for your attention.

Sincerely yours,

FRANK C. MOMSEN
Department Adjutant

FCM:jy

cc: Austin E. Kerby, Director for Economics
Members of Senate Veterans Affairs Committee
Mylio S. Kraja, Director, Legislative Commission
Frank I. Hamilton, Chairman, National Legislative Commission

STATE OF SOUTH CAROLINA
DEPARTMENT OF EDUCATION

CYRIL B. BUSBEE
STATE SUPERINTENDENT OF EDUCATION

COLUMBIA

July 27, 1976

The Honorable Vance Hartke
Chairman, Committee on Veterans Affairs
United States Senate
Washington, D. C. 20515

Dear Senator Hartke:

On behalf of the National Association of State Approving Agencies, please accept my sincere thanks for affording our Association an opportunity to comment on amendment number 2005 to Senate Bill 969.

The comments listed below, exclusive of comment on Section 1780(a), have not been mandated by our Association. A sampling was taken from our officers and these comments represent their thinking.

Section 1674

This section states, "Progress will be considered unsatisfactory at any time the eligible veteran is not progressing at a rate that will permit such veteran to graduate within the approved length of the course based on the training time as certified through the Veterans Administration unless the Administrator finds there are mitigating circumstances." Apparently, this is not consistent with the current law which allows a veteran or eligible person to receive full time educational benefits for pursuing twelve credit hours.

It is quite possible that progress could be determined as unsatisfactory at the end of the third semester based on the following: 1. Normal number of credits to graduate from a four year institution - 130. 2. Twelve semester hours each semester times three equals thirty-six. 3. Remaining semester hours to complete in five semesters - ninety-four. 4. 18.4 semester hours per semester to graduate within the allocated time. 5. Many institutions will allow outstanding students who have grades of "B" or more to take more than sixteen semester hours per semester. 6. This would eliminate the veterans or eligible person in this case at the end of the third semester

Section 1673

This states, "The Administrator shall not approve the enrollment of any eligible veteran not already enrolled, in any course (other than one offered pursuant to subchapter V or subchapter VI of this Chapter or any farm cooperative course) for any period during which the Administrator finds that more than 85% of the students enrolled in the course are having all of their tuition, fees or other charges paid to or for them by the educational institution or by grants from any Federal agency."

This possibly could preclude the enrollment of any veteran or eligible person in many of the state supported community college type schools and the majority of business schools and other vocational schools.

In the community college schools (tax-supported) generally the tuition and other charges are relatively small. The majority of students are receiving some type of grant from a Federal agency which would in many cases cover these costs.

Section 1780

Our Association concurs with Section (4) which states educational allowances will not be paid to any eligible person or veteran for a course for which the grade assigned is not used in computing the requirements for graduation, including a course from which a student withdraws, unless the Administrator finds there are mitigating circumstances. A resolution was adopted by our Association similar to this.

I am reasonably assured that our Association would also concur that educational allowances should not be paid to any eligible veteran or person for auditing a course.

Listed below are comments made by our President, Charles A. Shubat of Minnesota:

"Verification of the 85-15 ratio in all courses will pose an extra burden which should be considered in contracting.

Section 207. Twelve-credit enrollment minimum is inconsistent with completion of a college course in four academic years.

Institutions will probably object to a $2 increase in reporting fees since they have suggested that a $10 total fee would be required to keep up with paperwork.

Title 38, Section 1674 and elsewhere in the law, uses the words "according to the regularly prescribed standards and practices of the educational institution." Whereas this may have been acceptable language in the past, State Approving Agencies regularly reject standard practices as unsatisfactory and replace such standards with VA requirements. Some effort should be made to strike the language in Title 38."

Senator Vance Hartke
Page 3
July 27, 1976

Our Association, even though it is not germane to our responsibilities, concurs on the following:

a. Increase by 8% the educational assistance allowance. Reason: Cost of Consumer Price Index.

b. Allowing a maximum of 45 months. Reason: Equal provisions to all.

c. Clarifying, codifying and strengthening certain administrative provisions of the VA educational assistance program to prevent or reduce abuses. Reason: Our Association, on May 18, 1975, adopted a resolution stating that colleges and universities were not enforcing adequate controls of attendance and progress of veterans and urged that steps be taken to prevent a continuation of this waste. Copies of this resolution were sent to the Chairman of the House and Senate Committees on Veternas' Affairs (copy of this resolution is attached as Exhibit "A").

Sincerely,

Marvin P. Busbee
Marvin P. Busbee, Chief Supervisor
State Approving Section

MPB/db

Enclosure: As stated

Exhibit "A"

EXTRACT

REPORT OF THE NATIONAL ASSOCIATION OF
STATE APPROVING AGENCIES MIDWINTER CONFERENCE
BURLINGTON HOTEL, WASHINGTON, D.C.
MARCH 16-19, 1975

5. The GENERAL Committee.

One resolution was presented regarding attendance and progress at colleges and universities as follows:

WHEREAS; Agencies recognized to accredit colleges and universities do not include attendance and progress as requirements of accreditation, and,
WHEREAS; Colleges and universities accredited by such agencies are not enforcing adequate controls of attendance and progress of the veterans who receive educational allowance while enrolled, and
WHEREAS; This lack of control permits excessive absence and repeat of courses and the veteran getting educational allowance which has led to large amounts of money paid which is unnecessary and legally questionable,
THEREFORE BE IT RESOLVED: The National Association of State Approving Agencies urges that steps be taken to prevent a continuation of this waste,
FURTHER THAT: A copy of this resolution be transmitted to the Chairman of the Senate Committee on Veterans Affairs and the Chairman of the House Committee on Veterans Affairs.

The American Legion

For God and Country

• WASHINGTON OFFICE • 1608 "K" STREET, N.W. • WASHINGTON, D.C. 20006 •
(202) 393-4811 •

July 28, 1976

Honorable Vance Hartke, Chairman
Subcommittee on Readjustment, Education
and Employment
Senate Committee on Veterans Affairs
414 Russell Senate Office Building
Washington, D.C. 20510

Dear Chairman Hartke:

Enclosed are copies of The American Legion's statement on Amendment No. 2005, a substitute to S.969 and cited as the "Veterans Education and Employment Assistance Act of 1976."

We thank you for the opportunity to express our views on this important legislation. Your consideration of including the Legion's comments in the permanent hearing record in lieu of a personal appearance is very much appreciated.

Sincerely,

Mylio S. Kraja

Mylio S. Kraja, Director
National Legislative Commission

cc: Mr. Guy McMichael, Counsel
Senate Committee on Veterans Affairs

STATEMENT OF E. H. GOLEMBIESKI, DIRECTOR
NATIONAL VETERANS AFFAIRS AND REHABILITATION COMMISSION
THE AMERICAN LEGION
TO THE COMMITTEE ON VETERANS AFFAIRS, UNITED STATES SENATE
JULY 27, 1976

Mr. Chairman and Members of the Committee:

We appreciate the invitation extended to The American Legion to submit written comments on Amendment No. 2005, a substitute to S. 969, and cited as the "Veterans Education and Employment Assistance Act of 1976." Our comments in this statement are directed to Titles I through V and VII, of the substitute amendment. Comments on Title VI are on a separate statement by Austin E. Kerby, our Director for Economics.

Title I of the amendment would -

1) Increase by 8 percent the subsistence allowance payable to veterans pursuing a program of vocational rehabilitation under 38 USC, Chapter 31.

2) Eliminate the termination date of June 30, 1975 in section 1503(c) of Chapter 31, so as to continue eligibility for vocational rehabilitation of blind and other seriously service-disabled veterans when the seriousness of the disability indicates a need for further or additional training.

3) Permit those veterans eligible for vocational rehabilitation under Chapter 31 to be trained in Federal Agency facilities on the same basis as other trainees under the Rehabilitation Act of 1973, thus affording them an opportunity to enter Federal employment.

We are in agreement with and support the purpose of this Title.

Title II of the amendment proposes to -

1) Increase by 8 percent the educational assistance allowance paid eligible veterans in programs of education - including farm cooperative, elementary and secondary education, and preparatory educational assistance - under 38 USC, Chapter 34.

2) Increase by 8 percent the tutorial assistance authorized eligible veterans under section 1692.

3) Amend section 1692 to extend the tutorial assistance provisions of section 1692 to eligible veterans enrolled in and pursuing an institutional or technical course not leading to a standard college degree, and who have not received a high school diploma or equivalency certificate. Such assistance would be limited to the academic portions of such course.

4) Remove the current restrictions to undergraduate use in section 1661(a) of the additional nine months benefit entitlement, thus permitting the additional entitlement granted beyond 36 months to be used for graduate as well as undergraduate study.

5) Extend the 10-year delimiting date in section 1662 for use of educational assistance for periods of time that a veteran is prevented from completing his or her education or training objective because of a physical or mental disability, not the result of the veteran's misconduct.

6) Authorize maximum entitlement of 45 months of educational assistance under section 1661 for service of less than 18 months in the

case of a veteran issued a medical discharge because of a service-connected disability.

7) Amend 38 USC, Chapter 34 so as to terminate authority for new enrollments in flight training effective October 1, 1976.

8) Clarify and strengthen certain administrative provisions of the educational assistance program to prevent or reduce abuses.

9) Extend to all programs of education the requirement that no more than 85 percent of the students enrolled in certain approved courses be in receipt of VA educational or training benefits or other Federal grants.

10) Amend the veteran-student services provisions of section 1685(b) so as to permit completion of a work study agreement even if the veteran ceases to be a full-time student.

Without reservation, we approve of and support all amendments proposed under Title II with the exception of 3 and 10.

While we are not opposing extension of the tutorial assistance program to the non-degree vocational and technical courses, we want to express the belief that it would encourage enrollment of non-qualified students on the assumption that tutorial assistance will overcome any academic deficiency of the veteran. In enacting the elementary and secondary assistance provisions of section 1691, the Congress had in mind a program that would enable educationally disadvantaged veterans a means of obtaining a secondary diploma or equivalent without loss of earned entitlement. We believe that educationally disadvantaged veterans should be encouraged to pursue this approach before enrolling in vocational and technical courses for which they are not qualified academically.

Although we are not opposing the purpose of the 10th provision of this Title, we suggest reconsideration of the change to section 1685 (veteran-student services), so that the work study agreement could be completed, even if the veteran ceases to be a full-time student but not less than one-quarter time.

Title III - amendments proposed under this Title would -

1) Increase by 8 percent the educational assistance allowance paid under 38 USC, Chapter 35 to surviving spouses and children of veterans who died of service-connected causes, or who, at time of death, the service-connected disability was rated total, and the spouse and children of veterans whose service-connected condition is rated totally disabling.

2) Extend maximum entitlement to the educational assistance allowance from 36 to 45 months for those eligible under 38 USC, Chapter 35.

3) Amend section 1712 to liberalize the period of eligibility for use by eligible children of educational assistance available under 38 USC, Chapter 35.

4) Clarify, codify and strengthen certain administrative provisions of the Chapter 35 educational assistance program to prevent or reduce abuses.

Title IV - the proposed amendments would under this Title -

1) Set December 31, 1976 as the terminating date for establishing eligibility for veterans educational assistance under 38 USC, Chapter 34.

2) Establish for those men and women entering the Armed Forces on or after January 1, 1977, a new Chapter 32 educational program known as Post Vietnam Era Veterans Readjustment Assistance.

3) Provide that in the event universal military training is reimposed by law, that those entering military service after the effective date of such a change in the law shall be eligible for educational assistance under 38 USC, Chapter 34.

As proposed in this Title, the new Chapter 32, the Post Vietnam Era Veterans Readjustment Assistance, has as one of its purposes - "To promote and assist the all volunteer military program of the United States by attracting qualified men and women to serve in the Armed Forces."

Without going into the intricate details of contributory and matching funds established for those eligible members who wish to participate, we wish to express our concern with the fact that the matching funds would be payable from VA appropriated funds and would be administered by that agency under the outlined provisions of 38 USC, Chapter 34. In its several statements to the House Committee on Veterans Affairs, and others, The American Legion expressed the views that educational assistance programs designed to stimulate enlistments in the Armed Forces should be administered by the Secretary of Defense, and funded from his appropriations. But since we support a strong national defense and a program of attracting qualified men and women into our Armed Forces, we voice no objection to the addition of the new Chapter 32 into the provisions of title 38, United States Code.

Title V - amendments proposed under this Title of the measure would -

1) Increase by 8 percent the monthly training assistance allowance paid to eligible veterans or persons pursuing a full program of apprenticeship or other on-job training, and provides similar increases for those pursuing a program of education by correspondence.

2) Increase from $600 to $1200 the maximum annual VA educational loan available to veterans, survivors and dependents under Subchapter III of Chapter 36 of title 38, United States Code.

3) Amend the VA educational loan program to provide that interest charges on such loans shall be comparable to but shall not exceed those charged students under other federally insured educational loan programs.

4) Clarify, codify and strengthen certain administrative provisions of the VA educational assistance program to prevent or reduce abuses.

5) Permit continued VA payments of educational assistance for intervals between school terms and to provide that when a veteran or eligible persons transfers from one institution to another, payments are permitted providing that in either event such periods or intervals do not exceed 30 days.

6) Increase by 8 percent the allowance paid for administrative expenses incurred by State approving agencies in supervising approved educational institutions, and further permits in certain cases, subcontracting by State agencies.

7) Increase by $2 the reporting fee paid to institutions by the Veterans Administration for each person or eligible person enrolled therein.

8) Strengthen and improve the Education Advisory Committee to the Veterans Administration.

9) Repeal the current 48-month limitation for benefit entitlement to any person eligible for educational assistance or training under 38 USC, Chapters 31, 34 and 35.

We approve of and support the amendments proposed under Title V.

Title VII - amendments under this Title would -

1) Provide, except as otherwise specified, that other provisions shall become effective October 1, 1976.

2) Clarify and strengthen those provisions that relate to assignment of VA benefits.

3) Accomplish a variety of technical amendments.

We are in complete support of the provisions proposed under this Title.

In closing, Mr. Chairman, we appreciate your inviting the comments of The American Legion. We hope that our reservations or concerns with certain provisions of S. 969, as amended, do not serve to delay consideration by your Committee, and report to the United States Senate for consideration.

Directorate DODDSEUR
PREP Administration
APO New York 09164
4 August 1976

Honorable Vance Hartke
Chairman, Committee on Veterans Affairs
United States Senate
Washington, D.C. 20510

Dear Senator Hartke:

As a native-born Hoosier I have noted both your proposal of a new bill for non-high school graduates on active duty in the Armed Forces and your invitation to submit written comments on the proposed amendment.

As a teacher for DODDSEUR PREP, now involved in the administrative section of that program, I am particularly pleased to hear that consideration is being given to continuing the program under VA.

I'd like to present you with some views of the DODDSEUR PREP program that perhaps would not otherwise be brought to your attention. The results of our program here in Europe have been most satisfying. Commanders have been very enthusiastic and many have put PREP at the top of their educational priorities for their men. Major General John K. Stoner, Jr., spoke of PREP as "a viable part of the Army's expression of concern for its personnel and their well being.' Brigadier General George B. Price views PREP as "preparing our soldiers to be trained, to learn, to deal, to cope, to survive . . . fulfilling a real need in our society and establishment." One of the strongest statements in support of PREP came from General W.H. Vinson while he was commander of SETAF. He praised PREP as "the most positive and beneficial program for the men that exists under my command." It was his contention that if top officials "could see for themselves the merits of our program . . . measures would be taken to extend the program indefinitely."

The service personnel who have attended PREP are enthusiastic in their support for the continuance of the program. There are many instances of servicemen extending or reenlisting for the opportunity of continuing their education in the PREP program. They are aware that their chances for promotion in the military are better and that their abilities in basic skills are greatly improved as a result of PREP instruction.

Senator Vance Hartke 4 August 1976

Efforts of our staff to provide a PREP program of excellence are proof of our own enthusiasm for the program. DODDSEUR PREP, as the largest institution offering PREP in Europe, is fully accredited, holding charter membership in North Central Association's organization of Separately Administered Adult High Schools. The late Dr. John Stanavage, Executive Secretary of NCA at the time of our accreditation, challenged DODDSEUR PREP's curriculum leaders to work with teachers in identifying the competencies that constitute the sustaining courses of the program and to develop competency-based tests to measure the students' acquisition of those competencies.

During the past two years intensive work has been done to meet that challenge. Instructional aids and assessment devices that are highly relevant to our program have been produced. Dr. James Popham, a UCLA professor who is a leading authority in the field of competency-based education, is assisting DODDSEUR PREP personnel in the development of an educational system that is truly competency-based.

I believe that it would be a tremendous loss to our service personnel if a quality program such as this, fulfilling the basic educational needs of the military community, should be discontinued. I've taken the liberty of enclosing some information on the DODDSEUR PREP program for your perusal.

Sincerely,

Elizabeth Keppner

Elizabeth Keppner

BACKGROUND

Provision for USDESEA PREP came in March 1970 when Congress enacted amendments to the GI Bill in Public Law 91-219. The law provided for Veterans Administration (VA) payments to military personnel enrolled for instruction in approved schools, primarily to earn a high school diploma and to prepare for further educational and training opportunities.

In the past, remedial and high school instruction for the military in Europe had been funded and administered by education agencies of the military branches. In September 1970, USDESEA received notification to implement PREP at military installations in accordance with VA funding procedures and in conformance with the *Policies and Standards for Separately Administered Adult High Schools* of the North Central Association of Colleges and Schools (NCA). In spring 1971, USDESEA PREP launched pilot programs in Karlsruhe and Kaiserslautern, Germany.

Today, USDESEA PREP operates on 123 Navy bases, Air Force bases, and Army posts in Germany, Italy, England, Belgium, Morocco, and Sicily. PREP centers may be one-room schools or contain as many as 250 students, comparable to a small high school. PREP courses are also offered on board Navy ships. Even though USDESEA PREP tuition charge has not changed from the original $143.50, and though USDESEA PREP's charge is lower than that of any other institution offering PREP, it is interesting to note that we have spent $300,000 in the past four years renovating GED centers. In addition to that, PREP returns all excess funds to the Department of Treasury yearly. Since the inception of the program, funds in excess of $1 million have been returned.

Since about 90 percent of the students are located in Germany, USDESEA PREP's four geographic areas of responsibility align roughly with major Army commands in Germany; responsibility for USDESEA PREP in other European countries is assigned to the four USDESEA PREP Adult High School district offices located in Frankfurt, Nuernberg, Stuttgart, and Kaiserslautern, Germany. USDESEA dependent high schools located in the four cities issue the adult high school diplomas for the districts.

STAFF DEVELOPMENT

In accordance with NCA and Civil Service standards, USDESEA PREP teachers must possess a Bachelor's degree to include 18 hours in education and 24 semester hours in the area to be taught. They are hired locally through CPO offices on an intermittent basis, working a 20- to 39-hour week depending on the workload. 90% of the teachers are dependents.

All school administrators and supervisory staff members possess Master's degrees in education and at least three years related experience.

Continuing staff development is of prime concern to USDESEA PREP as evidenced by the many conferences and workshops conducted over the past four years. Attached is a review of all such workshops conducted by American educational institutions.

CURRENT STATUS FACT SHEET

	First 9 Months FY 76	Projected for Full FY 76	Previous Total 4 Years
New Students	17,000	24,000	62,705
Monthly Enrollment Average Daily Attendance	4,692	4,500	
Diplomas	5,063	6,700	14,533
Course Completions	40,890	53,000	112,461

Total number of students for FY 76	30,000
Teachers (Varies with monthly enrollment.)	570
Teachers-in-Charge	110
Above-Teaching Level Personnel	44 (21 - women)

Approximately 25% of PREP students enrolled in the high school completion program receive NCA accredited USDESEA high school diplomas each year. 89% of PREP students are in the high school completion program. The remainder are remedial/refresher.

CRITERION-REFERENCED EQUIVALENCY TESTING (CRET)

Since 1971, USDESEA PREP students have been granted high school credit on the basis of scores attained on the General Educational Development (GED) equivalency tests. However, in 1974 when the USDESEA PREP schools were evaluated for accreditation, the North Central Association (NCA) strongly recommended that the GED tests be replaced by more suitable criterion-referenced measures.

In 1975 USDESEA PREP committed itself to the development of such tests for the sustaining courses of its curriculum program. And it contracted with a stateside testing firm, under the direction of Dr. W. James Popham, to develop both test item pools and specification documents to which these items would be referenced.

At the present time USDESEA PREP is developing curriculum resource materials such as Student and Teacher Guides from the skill specification documents produced for courses in General Math I and U.S. History. At the culmination of the CRET project such materials will be available in the language arts area, and for a course in U.S. Government. And in addition to the desired equivalency examinations, criterion-referenced test items will be available for diagnostic and progress monitoring usages.

USDESEA PREP WORKSHOPS CONDUCTED BY AMERICAN ORGANIZATIONS

North Central Association Evaluation Workshop
Dr. John Stanavage
Executive Secretary, NCA
7 - 14 February 1973

Reading Workshop
Dr. Evelyn Searles
University of Miami
4 - 6 April 1973

Counseling Workshop
Dr. Howard H. Splete
Department Chairman, Guidance & Counseling
Wayne State University
26 - 30 April 1973

Counseling Workshop
Dr. Doug Arbuckle
Chairman, Guidance Department
Boston University
Spring 1973

Kollnau Workshop
Dr. Herman Warsch
Director, Educational Projects
C. S. Mott Foundation, Flint, Michigan
and
Dr. Howard H. Splete
Department Chairman, Guidance & Counseling
Wayne State University
August 1973

North Central Association Evaluation Workshop
Dr. John Stanavage
Executive Secretary, NCA
12 - 20 October 1973

Individualized Instruction Workshop
Dr. Mike Debloois
Professor, Utah State University
December 1973

Criterion Referenced Equivalency Testing Workshop
Dr. W. James Popham
Professor, UCLA
September 1974

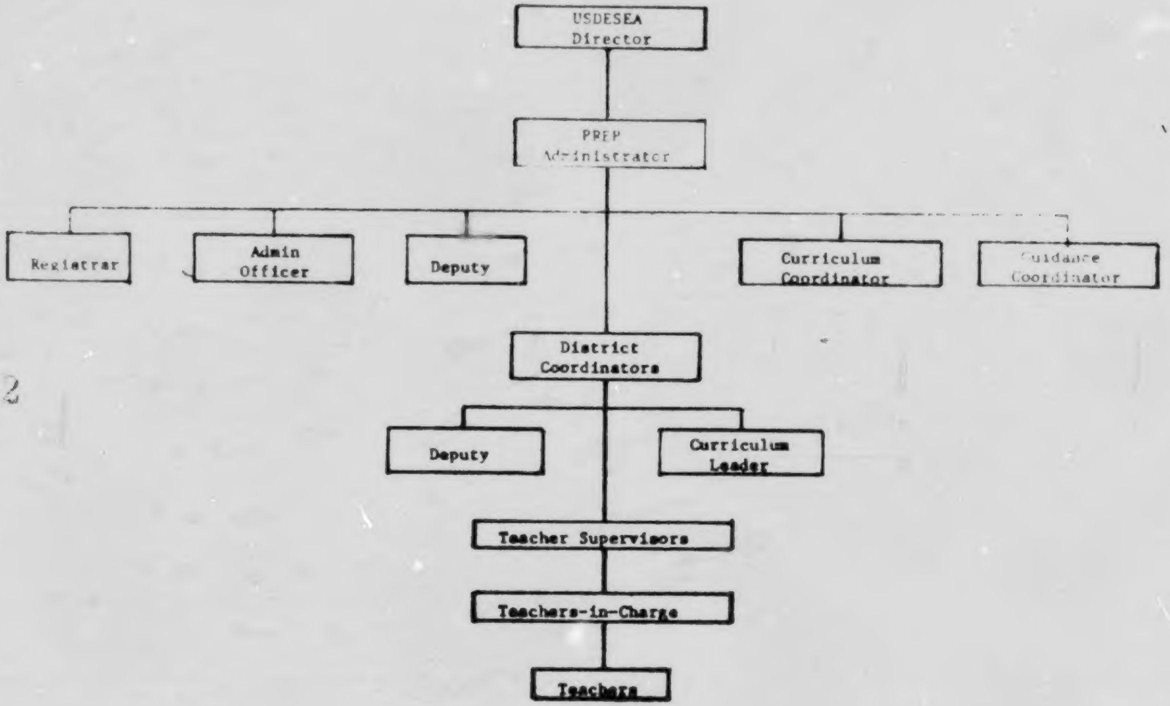
Reading Workshop
Dr. Lois Bader
Associate Professor, Michigan State University
Spring 1975

Teacher-in-Charge Workshop
Dr. Howard H. Splete
Department Chairman, Guidance & Counseling
Wayne State University
Spring 1975

Instructional Materials Workshop
Dr. W. James Popham
Professor, UCLA
February 1976

Projected Teacher Supervisor Workshop
Dr. W. James Popham
Professor, UCLA
May 1976

TABLE OF ORGANIZATION


USDESEA Director
PREP Administrator
Registrar
Admin Officer
Deputy
Curriculum Coordinator
Guidance Coordinator
District Coordinators
Deputy
Curriculum Leader
Teacher Supervisors
Teachers-in-Charge
Teachers

Barstow College
PHONE 714/252-2411
BARSTOW COMMUNITY COLLEGE DISTRICT
2700 BARSTOW ROAD BARSTOW, CALIFORNIA 92311

August 5, 1976

1976

The Honorable Vance Hartke, Chairman
Veterans' Affairs
United States Senate
Washington, D. C. 20510

Dear Senator Hartke:

Barstow College is currently offering PREP courses, shipboard, to Navy personnel deployed around the world. On behalf of the many men who will profit from this instruction, I wish to thank you for your proposal to continue the program (Amendment No. 2005, Senate Bill 969). However, the proposal to limit or structure composition of classes by an 85/15 ratio completely ruins any chance of offering PREP classes on ships.

In addition, may I point out the inequity created by the "matching funds proposal." In the majority of cases a veteran is involved in educational endeavors in order to obtain employment or to upgrade skills obtained in the military. This type of "dangled carrot" may be good PR for currently employed constituents, but it will prove a fatal stumbling block for needy veterans. I agree wholeheartedly with your objective (eliminating possible abuses), but question the practicality of the requirement.

Finally, I respectfully request your reconsideration of your position on assignment, by the veteran, of V.A. benefits. Many of our PREP students are subject to change in assignment on short notice based on national defense requirements. The serviceman's assignment of V.A. monies, by Power of Attorney, insures reimbursement to our institution for educational services.

Very truly yours,

RW Graham

R. William Graham
President/Superintendent

mb

NORTHWESTERN STATE UNIVERSITY OF LOUISIANA
NATCHITOCHES, LOUISIANA 71457

OFFICE OF THE PRESIDENT

August 5, 1976

VETERANS' AFFAIRS
AUG 10 1976
WASHINGTON, D.C.

Senator Vance Hartke, Chairman
Veterans Affairs Committee
United States Senate
Washington, D. C. 20510

Dear Senator Hartke:

May I take this opportunity to thank you for giving me an opportunity to react to the proposed legislation sponsored by you and Senator Stafford.

My first response would be that I would like to see the G.I. Bill continued as it has been previously. However, I realize this may be an impossibility and certainly feel that the compromise which you and Senator Stafford have proposed is much better than losing the entire program. I feel very strongly about the G.I. Bill since I have been a recipient of it myself. I may be misinformed, but I believe the benefits received through the G.I. Bill have been more than justified due to the increased income of those receiving them, and then paying a greater share of the income tax burden. We at Northwestern State University have had some real fine experience with the PREP program through our association with Fort Polk here in Louisiana. I certainly would not like to see it abandoned, and I am pleased to see that your amendment would keep the PREP program intact.

Senator, if we are to continue to be free and independent, for the sake of our military preparedness, we must have a well-educated military. This is one possibility for persons in the military to receive at least a minimal education. Our experience with PREP leads me to urge you to continue your efforts to keep the PREP program intact, and if possible the other provisions of the G.I. Bill. Otherwise, I will support your compromise wholeheartedly.

Again, let me thank you for giving me an opportunity to react to your proposed amendment.

Sincerely,

Arnold R Kilpatrick
Arnold R. Kilpatrick
President

ARK/sw

DIRECTORATE
DEPARTMENT OF DEFENSE DEPENDENTS SCHOOLS
APO New York 09164
5 AUG 1976

EUROPEAN REGION

AEUED-PA

Honorable Vance Hartke
Chairman, Committee on Veterans Affairs
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

Thank you for your recent correspondence requesting our views concerning the committee's alternative to the termination of the GI Bill and continuation of VA funding of the Predischarge Education Program.

As Director of one of the largest PREP programs either in the United States or abroad serving 125 military installations with an average monthly enrollment of 5,000 students, I am forwarding the following comments based on our five years' experience with the program.

The purposes of your Amendment No. 2005 as outlined in Paragraph 1601 are commendable. We know from experience that educational benefits are of prime importance to service personnel, both in terms of recruitment and reenlistment incentives. To lose these benefits would be detrimental to our Armed Forces and our country.

There are three sections of the amendment which we feel may be in opposition to your purposes and to the implementation of this amendment in the field:

(1) The operation of PREP would be drastically impeded if the power of attorney is cancelled as suggested in Title VII. Without the power of attorney, we would have tremendous difficulty collecting from students on our installations located in five European countries. It should be noted that most of our tuition is collected after the student has left the program. This is due partly to the fact that many students do not enroll until the last six months of their military careers, and partly to the normal administrative processing time. Should the power of attorney be eliminated,

the increased time and effort involved in collecting from 30,000 students per year would obviously create an increased manpower cost and a resultant higher tuition rate.

Therefore, we strongly urge that funding continue under VA's jurisdiction for the following reasons: The VA has allowed the use of the power of attorney in the past. The VA has historically been involved with education programs for the military and has the necessary expertise and controls needed to implement such a program.

(2) We noted on page four, Paragraph 1622, your proposal on "matching funds from the VA at the rate of $2 for each $1 contributed by the participant". As the average base pay of the student enrolled in PREP is $350 per month, and the average education level of entering PREP students is 10th Grade, we would be asking the average student to contribute $400 for the eight credits needed to complete his high school education. Adult high schools traditionally do not charge for course work, or if a charge is made, it is minimal. Therefore, we feel that a charge for high school is not only opposed to the general purposes of your bill, but also to the spirit of free public education in America.

(3) We have noted that Title II indicates an increase in the education rate. We have operated our program with a tuition rate lower than the monthly entitlement rate for the past five years. Even with a minimal tuition increase anticipated within the next year, our new rate would still be less than the existing monthly entitlement.

Other than these three concerns, we are extremely pleased with the prospects of your compromise amendment passing. We thank you and the members of the committee for displaying continued interest in the welfare of our service personnel.

Sincerely yours,

J. A. Mason

JOSEPH A. MASON
Director

JOHN L. MC CLELLAN ARK., CHAIRMAN
WARREN G. MAGNUSON, WASH.
JOHN C. STENNIS, MISS.
JOHN O. PASTORE, R.I.
ROBERT C. BYRD, W. VA.
GALE W. MC GEE, WYO.
MIKE MANSFIELD, MONT.
WILLIAM PROXMIRE, WIS.
JOSEPH M. MONTOYA, N. MEX.
DANIEL K. INOUYE, HAWAII
ERNEST F. HOLLINGS, S.C.
BIRCH BAYH, IND.
THOMAS F. EAGLETON, MO.
LAWTON CHILES, FLA.
J. BENNETT JOHNSTON, LA.
WALTER D. HUDDLESTON, KY.
MILTON R. YOUNG, N. DAK.
ROMAN L. HRUSKA, NEBR.
CLIFFORD P. CASE, N.J.
HIRAM L. FONG, HAWAII
EDWARD W. BROOKE, MASS.
MARK O. HATFIELD, OREG.
TED STEVENS, ALASKA
CHARLES MC C. MATHIAS, JR., MD.
RICHARD S. SCHWEIKER, PA.
HENRY BELLMON, OKLA.

JAMES R. CALLOWAY
CHIEF COUNSEL AND STAFF DIRECTOR

United States Senate
COMMITTEE ON APPROPRIATIONS
WASHINGTON, D.C. 20510

August 6, 1976

AUG 17 1976

Honorable Vance Hartke
Chairman
Senate Committee on
Veterans Affairs
414 Russell Senate Office Bldg.
Washington, D.C. 20510

Dear Mr. ~~Chairman~~ Vance:

As a cosponsor of S. 969, I have found your substitute amendment, the proposed Veterans Education and Employment Assistance Act of 1976 to be an interesting approach to a very difficult problem. The Committee on Veterans Affairs certainly faces a major challenge in its efforts to provide an adequate program of educational benefits in light of competing demands and the limitations of the First Concurrent Budget Resolution.

I have recently received a rather detailed commentary on the provisions of the Veterans Education and Employment Act from the Chancellor of the University of Maryland. Since I noticed in your statement at the time this amendment was introduced that it is not a finished product, I am enclosing a copy of these comments for your review.

I would appreciate your giving careful consideration to the concerns that have been expressed by the University of Maryland, and I hope that we can keep in touch on this important issue.

With best wishes.

Sincerely,

Charles McC. Mathias, Jr.
United States Senator

CM:wbdw
Enclosure

497

UNIVERSITY OF MARYLAND
UNIVERSITY COLLEGE
COLLEGE PARK 20742

OFFICE OF THE CHANCELLOR

July 22, 1976

The Honorable Charles McC. Mathias, Jr.
United States Senate
Washington, D.C. 20510

My dear Senator Mathias:

In this letter I would like to express some concerns we have relative to S.969-Veterans Education and Employment Assistance. As I am sure you are aware, the University of Maryland and our University College has served hundreds of thousands of military personnel while they were in the military and many after they left the service.

S. 969 has some interesting and attractive features and the principal one relates to the individual's investment in his/her educational future and the government matching the service personnel's contribution on a 2 to 1 basis. We are painfully aware that the Administration is dedicated to the phase-out of the VA educational benefits and the proposed Chapter 32 may be better than no program. However, there are a number of serious pitfalls related to S.969, and we would like to identify several of these with you.

1. The combined contributions under the proposed legislation will fall far short of the benefits which the present Chapter 34 provides. Indeed, a maximum escrow reserve of $8,100 will not purchase a great deal of education today and costs related to higher education continue to rise. Additionally, the following concerns should be cited.

a. There are no financial provisions to distinguish between veterans with dependents and without dependents.

b. There are no provisions for cost of living increases or adjustments.

c. The $50 to $75 individual monthly contribution provides a narrow band. Many enlisted personnel at the lower ranks will find a $50 deduction a severe hardship. Others at upper grades may wish to and be able to invest a greater amount toward their education, but the limits are narrow and appear arbitrary.

2. Under this plan the individual can achieve his/her maximum educational "bank" in three years. The discerning individual will serve a three or four

The Worldwide Adult Continuing Education Campus

year stint and not re-enlist. The services will experience a decline of re-enlistments and efficiency, increased recruitment and training costs will rise markedly.

3. Educational benefits are available only after the individual leaves the service. Consequently, service personnel who participate in this program will have their in-service education opportunities adversely affected. He/she who will invest $50 to $75 per month under proposed Chapter 32 will not be able to pay the individual's 25% share of tuition and book costs under the tuition assistance program. Thus, the proposed Chapter 32 will limit the individual's growth through education while in service and will deprive the services of personnel enrichment and growth.

4. The complexities of this program, the provisions for hardship withdrawal, the uncertainties of young men and women who may consider entering military service will affect recruitment and participation. Recruiting officers and later educational advisors will probably experience serious difficulties in attempting to communicate the benefits available under Chapter 32. In order to raise the educational level of its personnel, it would make sense to have the services encourage individuals to participate under the tuition assistance program rather than contributing to their future education as outlined under Chapter 32.

The original GI Bill provided World War II veterans with broad educational financial support. Tuition, books, laboratory fees and some laboratory equipment were covered by the legislation. Additionally, the individual received a subsistence allowance with recognition for the married veteran and also for other dependents. Gradually, through the years, the benefits eroded despite the fact that the nation's investment in the education of its former service personnel resulted in returns several fold. Senator Stafford recognized this in his testimony (Congressional Record, July 2, 1976, Pages S-11695-6) and I quote, "...I question the wisdom of termination of all opportunities for advanced education after service in light of the contribution former GI Bill programs have made to our country and its veterans."

We recognize that abuses have occurred under the present and previous legislation. But are these not matters that can be corrected through amendments and closer supervision?

Chapter 32 may represent a partial loaf and be better than no loaf. But is not our nation short-sighted and penny wise if its priorities fail to recognize the windfall that accrued to it through previous legislation that provided veterans with educational opportunities?

We urge you to give this legislation your serious attention.

With best personal regards,

Sincerely,

Stanley J. Drazek

Stanley J. Drazek
Chancellor

SJD:iw

P.S. I, myself, have been the beneficiary of the opportunities provided in the GI Bill for World War II veterans. This legislation enabled me to complete my masters and doctorate degrees.

METROPOLITAN STATE COLLEGE
250 WEST FOURTEENTH AVENUE
DENVER, COLORADO 80204

OFFICE OF THE **PRESIDENT**

August 9, 1976

Mr. Vance Hartke
447 Federal Building
Indianapolis, Indiana 46204

Dear Mr. Hartke:

Yours and Senator Stafford's Amendment No. 2005, to S.969, "Veterans Education and Employment Assistance Act of 1976," is a welcome step forward for veterans in this time of seeming abuse and constraints. We at Metropolitan State College, where approximately one-third of the student population are veterans, appreciate the efforts of you and your committee in attempting to provide the nation's veterans and in-service personnel with meaninful educational assistance.

I applaud and support your efforts toward extending the PREP Program. Metropolitan State College has assisted over 200 in-service personnel at Lowry Air Force Base and Fitzsimmons Army Hospital since 1973. This program has made it possible for in-service personnel to avail themselves of educational programs which would not otherwise have been available to them. Through PREP, many in-service personnel have been able to enter institutions of higher learning and to further take advantage of educational benefits as veterans.

Thank you for this opportunity to comment on this proposed legislation. Please accept my appreciation for the work you and your committee are doing on behalf of our veterans.

Very truly yours,

James D. Palmer

James D. Palmer

PHONE AREA CODE 303 292-5190

THE AMERICAN LEGION
DEPARTMENT of WASHINGTON
(206) 623-7680
DEPARTMENT HEADQUARTERS
FIFTH FLOOR, TIMES SQUARE
414 OLIVE WAY, SEATTLE, WASH. 98101

August 11, 1976

The Honorable Vance Hartke
Chairman, Senate Veterans Affairs Committee
Senate Office Building
Washington, D.C. 20510

Dear Senator:

American Legionnaires of the State of Washington strongly support Amendment #2005 to Senate Bill 969 and especially Sections 601 and 602 having to do with the creation within the Department of Labor of a separate agency to be known as the Veterans' Employment Service headed by an Assistant Secretary of Labor for Veterans' Employment, and Section 602 of Title VI of the Amendment, and Section 606.

We would appreciate your doing everything possible as the chairman of the Senate Veterans Affairs Committee to insure passage of this Amendment.

Sincerely yours,

W. H. (BILL) DUNN
Department Adjutant

WHD:jm

THE AMERICAN LEGION

DEPARTMENT of ARIZONA
723 West Polk Street Phoenix, Arizona 85007
Telephone 258-6845

★ *Over Fifty Years for God and Country*

AUG 14 1976

August 11, 1976

Senator Vance Hartke
U.S. Senate
Washington, D.C. 20510

Dear Senator Hartke:

I am writing to you to urge your support for the "Veterans Employment Assistance Provision" proposed in Amendment No. 2005 to the Veterans Education and Employment Assistance Act of 1976.

I have had the opportunity to work within the framework of the "Cranston Amendment" as a member of the Advisory Board of the Vietnam era veterans at Glendale Community College. In that capacity I have become painfully aware of the difficulty of younger veterans in breaking into the job market. It seems to me that the creation of a Veterans Employment Services as a separate agency with the Assistant Secretary of Labor can do much to build the stature of that agency to a point where it may adequately impact on the employment services offices in our many States.

As National Executive Committeeman Elect of the American Legion, I have had the opportunity to visit our Department of Labor Veterans Employment Office in Arizona and found that only one of our State Regional Offices in the Department of Economic Security has maintained parity in their record of placing job-seeking veterans. That was in the Yuma office. All others are considerably lower in their record of veterans placement in relationship to the non-veteran job seeker.

If indeed the Senate wishes to carry out the mandate to assist the employment of veterans, then the establishment of an Assistant Secretary can do much to solve the current situation wherein many subordinate government workers pay little or no attention to pursuing job priorities for the veterans.

Your favorable consideration will be deeply appreciated.

Sincerely yours,

Ronald C. Murphy
National Executive Committeeman Elect
7650 N. 43rd Avenue
Glendale, AZ 85301

STEED COLLEGE
JOHNSON CITY, TENNESSEE 37601

August 11, 1975

1976
D.C. 20510

Hon. Vance Hartke
United States Senate
Room 313, Russell Building
Washington, D. C. 20510

Dear Senator Hartke:

As an active and concerned member of the educational community of upper East Tennessee and Southwestern Virginia, Steed College applauds any legislative efforts to promote quality postsecondary education. However, there are certain provisions of the proposed Veterans Education and Employment Assistance Act of 1976, commonly referred to as the "Hartke Amendment", which we feel would be detrimental to the process of higher education and particularly unfair and inequitable to lower and middle income students, both veteran and non-veteran.

The logic behind Sections 207 and 307 of the proposed amendment would seem to be an unwarranted intrusion of the federal government into higher education. These sections would appear to dictate to a collegiate institution the rate of progress which their veteran students must maintain in order to satisfy the federal government. We feel that this is a determination which must be made by each individual institution on the basis of its courses, their difficulty, and their student body. Furthermore, it is unclear how an increase in this minimum number of hours per quarter would enable the Veterans Administration to prevent or reduce abuses under the G. I. Bill program. On the contrary, it would appear to do little more than to discourage individual veterans from utilizing their earned educational benefits or, if they choose to use them, place them in an educational strait jacket which would hamper their potential for eventual success.

The extension and alteration of the so-called 85-15 ratio contained in Section 206 of the subject amendment would appear to hamper significantly the educational opportunities of millions of students without significantly reducing the potential for abuse of veterans educational assistance. The rapidly increasing cost of higher education has made it practically impossible for any but the most affluent to finance a college level education without assistance from one or more of the federal educational assistance programs. It would appear that the implementation of the proposed legislation would accomplish little but to require many fine educational institutions to refuse admission to deserving students simply because they were not sufficiently affluent to finance their education without the assistance of federal programs and their chosen college was not populated by 15% affluent students. Such restrictions go directly against the grain of American education in its attempts to provide quality educational opportunities to all students, whether they be rich or poor and whether they seek this education in the public or the private sector. Such legislation would create the potential for a situation whereby the economic elite would be the only individuals able to make an effective choice as to their educational pursuits. I am certain that you and other members of the committee would not wish to promote such exclusivity in education. Furthermore, it is unclear just how a student population divided in the prescribed manner would prevent or reduce abuses currently found in programs of federal veterans educational assistance or in any other educational assistance programs for that matter. Therefore, we strongly encourage you and the United States Senate not to enact this amendment.

An additional restriction contained in Section 509 of the proposed amendment would also serve to limit the choices available to America's students. One of the most significant developments in American education over the past twenty years has been the willingness of the collegiate institutions of this country to break down the restrictive walls of their campuses and to take their programs to the students who need and desire them. This philosophy has resulted in the saving of millions of dollars by allowing students to pursue a wide choice of collegiate objectives while remaining in residence in their own homes or local communities. If this movement of collegiate program to the student is restricted in any way, and particularly as stringently as it would be with the enactment of Section 509 of your proposed amendment, it would again significantly reduce the educational opportunities of America's veteran students and in doing so would mean that only the economically affluent would be free to have a wide selection of educational options. The options of those veteran students then would be restricted to the colleges and universities that by pure coincidence of birth and residence are close to their homes. Again we strongly suggest that America's progress has been based upon avoiding educating only our wealthy and providing broadest possible range of educational opportunities to our college students.

We applaud strongly the basic motivation of your committee to reduce and prevent abuses of all federal educational assistance programs, particularly those pertaining to the veteran student. However, we suggest that the legal mechanics for the prevention of these abuses does already exist and requires only additional enforcement efforts, not additional legislation. Encouragement of the Veterans Administration to diligently pursue those students who would abuse their opportunity has resulted in the uncovering of many of these abuses during 1976. These, we are certain, are being pursued diligently, utilizing presently existing laws. The abuses of these programs, both institutionally and individually, cannot be prevented by further legislation, but certainly can be reduced by diligence and detection and pervasive prosecution of all guilty parties.

Thank you for your considerations of our feelings in this matter. If we as an institution can be of assistance in any way, please contact us.

Sincerely,

James E. Rupe
Director of External Affairs

CSU S CALIFORNIA STATE UNIVERSITY, SACRAMENTO
6000 J STREET, SACRAMENTO, CALIFORNIA 95819

AUG 1 1976

August 13, 1976

Mr. Vance Hartke, Chair (IN)
313 Russell
Senate Office Building
Washington, D.C. 20510

Dear Mr. Hartke:

On July 19, the American Legion presented its support of Amendment No. 2005 to S969 to the Senate Committee on Veterans Affairs. As I understand it, Amendment No. 2005 provides an alternative to the Veterans Employment Assistance Provisions in Title VI of S969.

At the Veterans Service Center at CSU-Sacramento, we have spent hours of time and energy trying to provide an effective employment service delivery system for our veteran clients. The job has not been easy, nor has it been rewarding. Why?

The reasons are exactly the same as those given by the American Legion on July 19. Department of Labor administrators in Sacramento tell us, "We know problems exist, and we're trying to get to the heart of them." CETA administrators tell us, "Oh, we're serving (Vietnam era) veterans, and we're monitoring our subgrantees to ensure they're complying with DOL guidelines." State Employment Development Department (EDD) people tell us, "We're trying like hell to get employers to honor the spirit of our 48-hour (veterans preference) provisions, but it's awfully tough to monitor." Veterans Employment Representatives (VERs) at local EDD facilities even visited us and said, "What are you doing sending vets to us for CETA jobs? We have nothing for them."

Why has our job been tough? Because DOL does not enforce Title 38 regulations; CETA Prime Sponsors are not monitored well, and often do not comply with their own "manpower plans," all of which are approved by DOL and cost the nation bundles; EDD is often helpless in trying to ensure the usefulness of "48-hour veterans preference" provisions; and VERs don't seem to be effective in serving as an advocate of the Vietnam era veteran.

To improve employment service to veterans, it is necessary to either strengthen existing laws or enforce them with much more diligence and vigor. The creation of a separate DOL agency such as the Veterans Employment Service proposed in Section 601 of Title VI headed by an Assistant

THE CALIFORNIA STATE UNIVERSITY AND COLLEGES

Secretary of Labor for Veterans Employment might be a useful approach to monitor and enforce existing laws. However, such an agency cannot simply be created, then staffed and headed by another faceless, unresponsive bureaucrat. It must be designed and developed with care, foresight, and with an eye toward solving the real problems of veterans employment. It must be staffed with people who really care--preferrably Vietnam era veterans with prior experience in veterans employment service, who readily recognize the hardships today's economy places on the effectiveness of employment programs.

Although Vietnam era veterans may have philosophical ideals not necessarily In consort with those of traditional veterans groups like the American Legion, it seems that their statement on July 19 should be welcomed wholeheartedly by Vietnam era veterans throughout the nation. Personally, I support the creation of a mechanism to improve employment service to veterans, and I endorse the American Legion's views on Amendment 2005.

We at the Veterans Service Center shall remain at your disposal for assistance, if you should require it, in designing and implementing a more effective and efficient program to serve the employment needs of veterans. In addition, we wish to thank you and the committee for your continued efforts over the years to serve the millions of Americans whose personal devotion and sacrifice have helped preserve the ideals of our national heritage.

Sincerely,

Lou Chicconi
Assistant Coordinator
Veterans Affairs

LC:bc
cc: Herman E. Talmadge, GA
Jennings Randolph, WV
Alan Cranston, CA
Richard Stone, FL
John A. Durkin, NH
Clifford P. Hansen, WY
Strom Thurmond, SC
Robert T. Stafford, VT

STATE OF SOUTH CAROLINA
DEPARTMENT OF EDUCATION

CYRIL B. BUSBEE
STATE SUPERINTENDENT OF EDUCATION

COLUMBIA

August 13, 1976

The Honorable Vance Hartke
Chairman, Committee on Veterans Affairs
United States Senate
Washington, D. C. 29015

RE: Amendment No. 2005 to S. 969

Listed herin are comments in addition to those made in my letter, July 27, 1976.

SECTION 1673

Our association concurs with the provision of this section in which the 85-15 requirement is extended to all courses offered by Educational Institutions and bans enrollment of eligible veterans, not already enrolled, in any course (excluding On Farm and Prep) in which more than 85% of the students enrolled in the course are having all of their tuition, fees or other charges paid to or for them by the Educational Institution or by grants from any Federal Agency.

This concurrence is based on the addition in which discretion is allowed the Administrator to waive the 85-15 requirement in case of HEW grants programs such as Basic Educational Opportunity Grants and the Supplement Educational Opportunity Grants.

Sincerely,

Marvin P. Busbee, Chief Supervisor
State Approving Section

CC: Mr. Guy H. McMichael

MPB/jem

AMERICAN COUNCIL ON EDUCATION
ONE DUPONT CIRCLE
WASHINGTON D C 20036

OFFICE OF GOVERNMENTAL RELATIONS

August 16, 1976

The Honorable Vance Hartke
Chairman, Committee on Veterans' Affairs
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

The undersigned eight higher education associations would like to comment on Amendment 2005 which you and Senator Stafford have proposed to S. 969, relating to the G. I. Bill.

Most higher education associations would prefer that the G.I. Bill be continued as it is. As I emphasized in my letter to you of November 11, 1975, termination or radical alteration of the existing program would have serious social, economic and educational implications for the Nation. These implications should be thoroughly explored, and alternatives designed to replace the significant contributions of the G. I. Bill to our society, before substantial changes are made.

If it is the will of Congress that the program be modified at the present time, however, the new program which would be established by your Amendment to S. 969 seems to offer a constructive way to help meet the needs of servicemen and veterans, as well as the military. On the basis of our preliminary review of the language, we would like to indicate support for some of the principal features of the bill, as well as some serious concerns about certain changes which it would make in existing law.

It should be noted that Chapter 32, creating a wholly new veterans' education program, places a considerably greater financial responsibility upon the serviceman and provides a smaller benefit. The serviceman contributes one-third of the funds; the maximum benefit after separation is $225 a month for up to 36 months, compared to $270 for a single person for 36 months under the present law and $292 for 45 months under S. 969. There is no additional allowance for a spouse or children, unlike the present law.

We suggest that the serviceman's contribution be matched 3-1 rather than 2-1 while in service, which would maintain benefits at approximately the present level. This is particularly important because the benefit level is set at the beginning of the contributory plan, so that payouts 5-10 years later after no-interest accrual would very likely be eroded significantly by inflation. Alternatively we would urge that the Secretary of Defense approve a Defense Department contribution to the plan, as the bill authorizes him to do, in order to make the benefits more attractive.

We particularly applaud the provision which would extend benefits from 36 to 45 months for those now eligible, and raise benefit levels. We also support the continuation of PREP, which has helped some 350,000 servicemen and women from disadvantaged backgrounds, and is an enormously useful program which would be ended by the House-passed veterans' bill. Another desirable feature is the increase in amounts available from the loan program.

The bill proposes to raise the reporting fee from the present $3-4 to $5-6. We believe this is too low. Higher education legislation now pending before Congress would provide institutional administrative fees of $15 per Basic Educational Opportunity Grant and $10 per Guaranteed Student Loan award, as well as larger fees than at present for handling other Federal student aid programs, in recognition of the administrative costs required to process the forms and to counsel and assist the student. We suggest that the reporting fee per veteran should be made consistent with other student aid programs, particularly in light of the increased administrative burdens imposed on institutions by recent VA regulations.

We have strong objections to the bill's extension of the 85-15 rule, which would impose burdensome record-keeping requirements on all institutions, and would extend the oversight of the veterans' committees of Congress and the Veterans' Administration to programs within the jurisdiction of the education committees and the U.S. Office of Education. We also have concerns with several other provisions. The requirement of "last date of pursuit" could restrict the regulatory flexibility of the Veterans' Administration in a sensitive area bearing on institutional autonomy. The treatment of independent study unduly restricts the academic choices available to veteran students, as does the removal of eligibility for courses in operation less than two years at private colleges, and at public branch campuses.

Our objections to these provisions, and our suggestions for changes, are detailed in the accompanying memorandum on behalf of the American Association of Community and Junior Colleges, American Association of State Colleges and Universities, American Council on Education, Association of American Universities, Association of Jesuit Colleges and Universities, National Association of Independent Colleges and Universities, National Association of State Universities and Land Grant Colleges, and National Catholic Educational Association's College and University Department.

Sincerely,

Charles B Saunders Jr

Charles B. Saunders, Jr.
Director of Governmental Relations

cc: Members of the Committee on Veterans' Affairs

Attachment to Letter to Senator Vance Hartke August 16, 1976

SUGGESTIONS BY HIGHER EDUCATION ASSOCIATIONS FOR CHANGES IN AMENDMENT 2005 FOR S. 969

1. Extension of 85-15 rule

Current law disapproves for benefits non-standard college degree programs in proprietary schools in which more than 85 percent of the enrollment are veterans. Section 206 would extend this standard to cover any courses at all institutions, and include students whose tuition and fees are paid entirely or in part by Federal grant funds or institutional funds, in determining the 85 percent limitation.

The effect of this section would be to remove the eligibility of veterans at dozens of institutions (including some of the largest state systems and some of the smallest private colleges) which enroll large percentages of low-income students. There is no academic justification for colleges and universities to impose program enrollment cutoffs on such grounds. The relative percentage of enrollment of Federally aided students has no relationship to course quality. To administer this section, institutions would have to set up burdensome and duplicative record-keeping procedures, since the percentage of enrollments of aided students would have to be established for all courses of study.

We are particularly concerned with the proposed extension of the law to require counting of all students aided in whole or in part by other Federal programs or by institutional funds. This further complicates the additional record-keeping which would be necessary for all courses of study. It would also add undesirable complexity to institutional relationships with the Federal government, since it would extend the oversight of the veterans' committees of Congress and the Veterans' Administration to programs which are the jurisdiction of the education committees and the U.S. Office of Education. We urge, therefore, that Section 206 be deleted.

2. Last date of pursuit

Section 507 incorporates into law the regulatory requirement that veterans' benefits be terminated as of the "last date of pursuit" of an educational program. The current regulation has produced enormous confusion due to the rigidity of some VA regional offices in interpreting the responsibility of institutions to determine a student's last date of course participation within 30 days. In some cases, institutions have been told that they must take daily attendance, regardless of Federal prohibitions against such interference in academic policy and administration.

We understand that Section 507 is intended to codify existing regulations. However, the section should be amended (with accompanying report language) to make clear that such rigid interpretations of "last date of pursuit" are unwarranted. The Veterans' Administration has recently stated that "special circumstances may require some flexibility in the interpretation of this rule.

In some instances even the best school reporting system may not be capable of detecting an enrollment change as it occurs. When this is the case...the 30-day period may be counted from the earliest point, other than the actual date of occurance, that the school could possibly have learned of the enrollment change or termination." (Information Bulletin DVB IB 22-76-6, June 17, 1976.) The law should affirm the spirit of this statement.

3. Treatment of independent study

Section 208 discourages the pursuit of full-time independent courses of study for college credit by veterans, since it provides payments for such courses on the assumption that they are pursued on less than a half-time basis.

While Section 208 is intended to codify existing regulations and to address an area of serious potential abuse, we believe it is too narrowly drawn. We cannot accept the assumption that independent courses of study require less time and effort for the same degree credit. On the contrary, the general reason for choosing such a course of study (at both the graduate and undergraduate levels) is to pursue a subject in greater depth than is possible in a classroom setting. We urge that this issue be given further study, so that the safeguards against abuse do not result in limiting the options available to veteran students by discouraging their participation in legitimate independent study programs.

4. Removal of exemptions from eligibility

Under current law, courses at both public and private institutions are excepted from the provision that veterans are ineligible to participate in new courses (in operation for less than two years). Section 509 would narrow the exclusions, disallowing those for private non-profit colleges and universities and public branch and extension campuses, unless in operation for over two years and offering new courses similar to old ones.

This would make veteran students ineligible for innovative courses created to meet current manpower needs and improve employability, if offered at a private non-profit college, or a public branch or extension campus outside the taxing jurisdiction. This language would rule out new courses conducted by many institutions in extension or overseas programs. Such a restriction bears no relationship to course quality, and only serves to reduce the availability of near-by schooling for veterans. Therefore, we urge that Section 509 be deleted.

St. Louis High School
A Division of
St. Louis-Chaminade Education Center

3140 Waialae Avenue
Honolulu, Hawaii 96816
Telephone 734-1904

August 16, 1976

VETERANS' AFFAIRS
RECEIVED
AUG 20 1976
WASHINGTON, D.C. 20510

The Honorable Vance Hartke
United States Senator
Old Senate Office Building, Room 313
Delaware and Constitution Avenues
Washington, D.C., 20510

Dear Senator Hartke,

Re: Your letter of July 14, 1976
Concerning Amendment No. 2005 to S969

St. Louis High School has been involved in the Predischarge Education Program (PREP) since April of 1972. Through these experiences during this period we have gained considerable knowledge about what motivates a serviceman to return to school and the processes of education that he responds to best. In our view PREP has been a program of outstanding value to the individual serviceman. Your efforts to continue PREP and make the attainment of a high school diploma possible should also help the military services, our nation, and hopefully your amendment will have the full support of your colleagues. The school has also gained considerable experience in working with the Veterans Administration. I certainly appreciate your letter and the opportunity to respond to your Amendment to S969 as there are three areas of extreme concern to the school as well as recommendations we would like to make based upon our experience that may serve to strengthen the bill and PREP program.

The first area of concern is that the matching fund provision in the bill may make it financially difficult for a serviceman to take advantage of PREP. An attraction of PREP to the serviceman has been that it is free and doesn't affect his entitlement. Most students enrolled in PREP programs are in the lower military pay grades and would be reluctant to assume this financial obligation. It would be very evident to a new enlistee in need of a high school diploma or basic skill training that he would not be receiving equal treatment with his counterpart in civilian life who is able to take advantage of a free education through the conveniently located Comprehensive Employment Training Act programs or the local adult high school. The serviceman would be asked to pay for his high school education, whereas the civilian would not. If special funds are allocated by the Department of Defense, or a system of pay check deductions involving banking and accounting is implemented to handle the student's matching funds, the complexities of this system would probably result in increased costs. Also, if the Secretary uses funds from the Department of Defense as an added inducement for enlistments to match the VA benefits, then a savings to the government does not actually take place. To provide maximum educational benefits at lower costs the school would recommend that Congress consider not enacting a matching fund provision for PREP nor the projected 8% increase in benefits. Instead, consideration should be given to establishing a set or standard tuition for all schools which is lower than the current maximum allowable where the VA would pay 100% of the tuition.

Our second concern is pro rata refund. In August of 1973, the VA imposed a strict pro rata refund policy on some of the schools involved in PREP. The effect of pro rata upon St. Louis High School was that instead of receiving the full amount of tuition for each sixty-hour course, the school actually received eleven percent less. This was due to the fact that approximately $19 was reserved for students who withdrew. The accounting procedures were complicated by the fact that many students who withdrew for military reasons later re-enrolled. Many times a pro rata refund was made only to find that the refund was not due because the VA had withheld tuition from a subsequent course. The school would, therefore, recommend that a flat tuition rate be established for PREP courses. This rate could be eleven percent less than the present rate authorized and not the tuition increase proposed. The tuition payment should be based upon the initial registration of an individual student after he has attended the first 6 hours of class, and that no refunds would be made if a withdrawal occurred. If a student withdraws, once the tuition has been paid, he would be allowed to re-enter that course at a later date with no additional charge to the VA. This one adjustment alone would save a considerable amount of money, as the lower tuition would in effect already have accounted for a refund for withdrawals; the accounting for the re-entry of previous withdrawals would be the responsibility of the school; transactions and paperwork between the student/school and the VA would be minimal and finally the VA computerized accounting system would not have to adjust to a myriad of withdrawals and re-entries which have been caused by the attempts of the military and school to maintain a system of flexible education to fit military schedules.

The third concern of SLHS is the prohibition against using the Power of Attorney. Prior to the time when the POA was authorized, this meant that the school was unable to collect thousands of dollars from the students as many became former students due to class completion, transfer, change of duty stations, illness, and other undetermined withdrawals from the program, by the time the VA check had returned to the school approximately 148 days after the course started. St. Louis High School did not have the resources to track down the students who had transferred to other stations nor were the efforts, that the school administrators made in going daily to military units to get checks endorsed, appreciated by the commanders. In most instances, an administrator's entire day involved contacting students to get the proper endorsement on the check. Since the money was not going to the student for subsistence the student, unless he was preparing to graduate, was not interested in making any great effort to endorse checks over to the school. I believe that the original prohibition against the use of a Power of Attorney was to protect the veteran and to keep him from assigning to a third party his "subsistence allowance", which in many instances was the veteran's only means of support. PREP benefits are designated as tuition rather than subsistence. The fact that PREP programs are controlled by the educational services officers who must endorse the VA PREP application forms and the commanding officers or his designees who must endorse the limited Power of Attorney would seem to be an appropriate safeguard against the abuse of the use of a Power of Attorney by the school.

If a close analysis is made of these recommendations, the school strongly believes that the Senate committee will discover that considerable savings will accrue to the government through lower tuitions and a simplification of the PREP system and its procedures. In addition to making the above recommendations, the school would like to have the Senate note that PREP is considerably different from the college degree, correspondence and technical school programs. Basic educational skills necessary for survival in a technological society should be provided to all those who lack these skills. College degree programs are in many respects exclusive to those few who need a higher level of academic training or those who wish to attempt to achieve a higher form of education for personal reasons. It is generally accepted that this individual will pay for his college education while it is not expected and in most instances not possible due to a lower income for those lacking in the basic survival skills to pay for their education. PREP is conducted on military installations and classes usually conform to the student's duty schedule. It is desirable to know that the program has maximum flexibility to meet the ever changing patterns common to duty assignments. Breaks in schedules occur because units go to the field on training exercises or ships deploy to the far reaches of the earth. Under present VA rules, the expected re-entry of students is not always an easy proposition as new registration forms must be generated to dis-enroll and re-enroll and new tuitions requested as others are paid back. Most of the present VA rules governing college degree, correspondence and technical school training are not easily applicable to PREP.

As an answer to your question concerning the continuation of PREP under the VA, the school would unequivocally endorse the continuation of PREP under the auspices of the Veterans Administration. To shift this responsibility on to another federal agency at this time would require that an entire new subagency, with new rules and regulations be established to administer the program when in fact an agency (VA) already exists. With a few minor modifications to the present VA rules and regulations PREP could function very well under the VA.

On behalf of St. Louis High School and myself, I sincerely appreciate the consideration you have shown in providing us the opportunity to respond to your Amendment. You are to be commended for your interest in military education and your efforts to resolve the present impasse over the GI bill. If you have any further questions concerning our recommendations, I would be happy to meet with you in Washington, D.C. to discuss these.

Sincerely,

William A. O'Connell, SM

Father William A. O'Connell, S.M.
Principal

WAO'C/da

cc: Dr. Roger Richter
Mr. Robert Lawson
The Honorable Daniel Inouye
The Honorable Hiram L. Fong
The Honorable Patsy T. Mink
The Honorable Spark M. Matsunaga

EMPIRE STATE COLLEGE
OFFICE OF STUDENT SERVICES
STATE UNIVERSITY OF NEW YORK
SARATOGA SPRINGS, NEW YORK 12866

TELEPHONE (518) 587-2100

AUG 20 1976

August 16, 1976

Senator Vance Hartke
Chairman
Senate Veterans Affairs Committee
United States Senate
Washington, D.C. 20510

Dear Senator Hartke:

I have read with interest your proposal for a "Veterans Education and Employment Assistance Act of 1976" and wish to express my support of the effort you are making on behalf of the veterans. I was particularly pleased with your amendment of Section 208, Section 1682 of Title 38, United States Code in which you extend full educational assistance allowance to eligible veterans pursuing an independent study program which leads to a standard college degree. If I understand it properly, this amendment will nullify the regulations of the Veterans Administration which provides only limited assistance to those who pursue their education through an independent study program.

The Veterans Regulation which limits support for independent study to less than half-time is unfair to those veterans who, due to family and job responsibilities, must pursue their education through an independent study program and for those veterans who find this mode of study to be a more effective approach than that provided by conventional programs.

At the time Mr. Roudebush proposed the present regulations pertaining to independent study programs, we wrote to him pointing out how unfair it was to penalize veterans who chose to pursue their college education through independent study. Our efforts were to no avail and I am very pleased that your amendment has reopened the possibility of eliminating this most unjust regulation.

Sincerely,

John Hall
Dean of Student Services

xc: James W. Hall
Senator James Buckley
Senator Jacob Javits

STATE OF SOUTH CAROLINA
DEPARTMENT OF EDUCATION

CYRIL B. BUSBEE
STATE SUPERINTENDENT OF EDUCATION

COLUMBIA

August 16, 1976

The Honorable Vance Hartke
Chairman, Committee on Veterans Affairs
United States Senate
Washington, D. C. 20015

Dear Mr. Hartke:

Regarding: Amendment No. 2005 to S 969

Schools are required to submit an application to meet the requirements of measuring on a credit hour basis indicating:

1. Total length in clock hours and credit hours.
2. Credit hours per quarter on semester.
3. Class, laboratory and shop hours per week.
4. A statement that academic portions of such courses must require outside preparation.
5. Show curriculum as listed in two and three above per quarter or semester.
6. Summarize hours per day and attendance requirements for all students.

For all practical purposes, this is meaningless. The Veterans Administration will pay full time allowances any time the enrollment certification indicates a minimum of twelve credit hours and twenty-two clock hours.

The Honorable Vance Hartke
Page 2
August 16, 1976

I am suggesting that serious consideration be given to eliminating this paragraph in 1788, and making necessary changes in 1788 (a) (1) to change 30 hours to 22 hours and in (a) (2), to change 25 hours to 18 hours.

Sincerely,

Marvin P. Busbee, Chief Supervisor
State Approving Section

MPB/db

CC: Guy McMichael

Tennessee State University
Nashville, Tennessee 37203

OFFICE OF THE PRESIDENT

August 16, 1976

Senator Vance Hartke
United States Senate
Washington, D. C. 20510

Dear Senator Hartke:

Your letter of July 14, 1976 has been received, together with the Congressional Record which carries an Amendment to the "Veterans Education Employment Assistance Act of 1976." As noted in the Record the Amendment is known by number 2005.

This office has carefully analyzed the several titles and sub-sections of the original act and the act as amended. By and large your Amendment is acceptable.

From an educational perspective one would encourage strongly the continuation of G. I. Bill post-service education, yet not to the degree that such education should not undergo change in provision. Your provision of change which appears to grant improved attention to Veterans of the Viet Nam campaign receives endorsement from this University.

For a number of years this University, along with other regional Universities, has administered a pre-discharge education program on the Fort Campbell Military Base. Pre-discharge enrollment for this University alone amounts to several hundred each year. As we understand your Amendment, the pre-discharge education program is to be left fully intact. We consider your position in this matter greatly significant to the field of education.

With respect to both the G. I. Bill as amended and PREP, this University wishes to be of record in saying that benefits to enrollees are exceptionally limited in a period of rampant inflation and that you should weigh every consideration for making certain that Amendment 2005 provides the necessary year to year inflationary adjustments.

Senator Vance Hartke
August 16, 1976
page 2

Thank you for sending this important material to us for review. We indeed regard you as a friend to education, and should we be able to help in further matters calling for educational resolve your request will be welcome.

Sincerely,

Frederick S. Humphries
President
Tennessee State University

FSH:h

WAYNESVILLE R-VI SCHOOLS

WAYNESVILLE, MISSOURI 65583

LAVEGA CLAIBORN

Superintendent

314-774-6121

AUG 23 1976

August 18, 1976

The Honorable Vance Hartke
Senate Office Building
Washington, D. C. 20510

Dear Senator Hartke:

As the superintendent of this school district I was pleased to receive a copy of your committee's "Veteran's Education and Employment Assistance Act of 1976."

Our PREP staff, along with our administrative staff, have studied the proposal and submit the following comments, restricted to those provisions which seem to pertain to our operations:

1. The $2.00 increase in the reporting fee paid to institutions for each veteran enrolled is an appropriate amount for both our PREP and our vocational programs.

2. The increased educational assistance rates are considered to be well merited, considering the increased cost-of-living in this area.

3. It is our assumption that a veteran who "participated" in the program would be eligible to participate in PREP without reducing his entitlement, as under previous Acts.

4. It is also our assumption that a member of the Armed Forces must be "participating in the program" before he may enroll in PREP and that participation in PREP will not reduce his entitlement as of that enrollment nor reduce his future entitlement.

5. The amendment to Sec 701, Section 3101(a), of Title 38, U. S. Code, prohibiting and defining an assignment of an educational assistance allowance will present a dilemma for our PREP operation. The majority of our PREP students would not be able to pay their tuition from their own resources. For a variety of reasons, approximately 15 percent of our PREP students do not receive their education allowance checks during the period for which enrolled. Of these men, many are discharged from the Army before the check arrives.

The Honorable Vance Hartke
Page 2
August 18, 1976

You specifically asked for our comments concerning the continuation of the PREP program under VA's jurisdiction. We are certain it would be administered adequately under DOD. We feel that VA has established policies and procedures which are effective. We feel strongly that the "State Approving Agency" concept is very beneficial to both the VA and to the schools. Here in Missouri that agency is in the State Department of Education and is staffed with educators. It would appear that all portions of the Veteran's Education and Employment Assistance Act of 1976 would be better administered by one than by two federal offices, i.e., keep PREP with the other portions.

I will forward the same information to our Congressional delegation and urge them to support your proposal.

Sincerely,

L. Claiborn

L. Claiborn
Superintendent of Schools

djb

SERVICE WITH PRIDE
AMERICAN PREPARATORY INSTITUTE
Post Office Box 786 Killeen, Texas 76541

VETERANS' AFFAIRS COMM.
RECEIVED
AUG 23 1976

August 18, 1976

The Honorable Vance Hartke, Chairman
Veterans Affairs Committee
United States Senate
Washington, D.C. 20510

Dear Senator Hartke:

Last fall when the H. R. 9576 was passed, I felt that the House had made a serious mistake. I am pleased that you and Senator Stafford are proposing Amendment No. 2005 to S. 969.

As a World War II veteran who took advantage of Veterans benefits for part of my graduate education, I feel an obligation to urge that some type of educational benefits be continued for all veterans. While I can't place an actual dollar value on it, it is my belief that the additional money I have paid in taxes based on the greater earning power produced by my education has more than repaid what it cost the taxpayers. If this is true in my case, I think it is also true for the majority of those receiving veterans educational benefits. True, there are always some free-loaders who find a way to "beat the system" and I think every effort should be made to avoid this, however, more publicity should be given to the success of the program.

My second interest in your Amendment is generated by my position as Superintendent of the school which operates the PREP program for Fort Hood, Texas. In the two year period during which we have been offering a diploma completion program, over 1,500 soldiers have completed requirements and have received their high school diploma. In addition, approximately 500 have successfully challenged the G.E.D. examination and have been given the High School Equivalency Certificate by the State of Texas. A recent follow-up study of some 270 of the graduates indicated that approximately 30% were continuing their education either through the military Tuition Assistance program or as civilians under veterans benefits. I know a number of these students personally and have had reports from their teachers while they were in school or from their company commanders or first sergeants concerning increased motivation toward improved performance. One example: a young man who grew up in the ghetto of Detroit became "turned on" by the educational program, graduated from our school and is now studying law enforcement at a junior college under Tuition Assistance. This man was on the verge of being discharged as an undesirable soldier before entering PREP. His company commander now says his only complaint with the man is "he wants to go to school all the time." How much is it worth in dollars to turn one individual around and head him in the right direction? I'm sure I don't know the answer to that question but I do know that if educational benefits such as PREP are discontinued it will be a tremendous loss to the Nation.

Your closing remarks in the Congressional Record in which you quote Secretary Rumsfeld need to be heard by anyone who contemplates termination of educational benefits. My own experience in talking with many soldiers at Fort Hood verifies your statement. Educational benefits were instrumental in recruiting many of them and, had the benefits not been available, they probably would not have enlisted.

Thank you and Senator Stafford for your efforts toward retaining veterans educational benefits. I will write members of my congressional delegation to enlist their support for your amendment.

Sincerely,

L. K. Requa, Ed.D.
Superintendent

GEORGIA VETERANS ASSOCIATION
Rm. 224 Academic Building
University of Georgia
Athens, Georgia 30602
Ph. 404-542-5816

August 19, 1976

Honorable Vance Hartke
Senate Office Bldg., Room 313 Russell
Washington, D. C. 20510

Dear Senator Hartke,

I appreciate your correspondence concerning your Amendment 2005 to your Bill, S. 969. As President of the Georgia Veterans Association I feel it is my responsibility to stay informed of all pending legislation which might have some effect on the veteran population at the University of Georgia.

This piece of legislation which you have proposed covers several areas of concern to veterans and dependents presently utilizing their G.I. Bill educational benefits. Of primary importance is the inequality of the restriction on the nine month extension, prohibiting graduate students and all dependents from enjoying the same benefits that are available to undergraduate veterans. Since over 42% of our G.I. Bill recipients are not eligible for the extension as it now stands, I believe it is necessary to reiterate the inequality of the legislation presently in effect. This is just one area of concern that your amendment would rectify.

The proposed 8% increase in benefits, although appreciably below the changes in the Consumer Price Index since the last increase in September 1974, would be welcomed by all educational benefit recipients. An increase more reflective of the actual cost-of-living increase would be of greater benefit to veterans and dependents, and I would hope that a more generous increase could be forthcoming in the near future. Also, the increase in the amount of educational loan to $12,000, the establishment of the Post-Vietnam Era Veterans' Readjustment Assistance Program and the other proposed measures would help create a more streamlined program that would be more in tune with the needs of a volunteer, peacetime military.

Honorable Vance Hartke
Page 2
August 19, 1976

In response to your offer of assistance, there is one area that you or your staff could help. To enable me to completely respond to inquiries by veterans and dependents concerning their educational benefits I need to be fully aware of all current and pending legislation concerning veterans entitlements. If your staff could send me copies of all veterans legislation, both current and proposed, it would enable me to fulfill my obligations to the veterans and dependents in providing more complete and precise responses to their inquiries.

Sincerely,

Gerald S Spears

Gerald S. Spears
President
Georgia Veterans Association

Bryant & Stratton

August 19, 1976

Honorable Vance Hartke, Chairman
Committee on Veterans Affairs
U. S. Senate
Russell Senate Office Building
Suite 414
Washington, DC 20510

AUG 2 1976

Dear Senator Hartke:

We are writing you to express our concern over four (4) technical amendments contained in your Hartke Amendment, which would amend the existing G.I. Bill and would establish a new program called "The Veterans Education and Employment Assistant Act of 1976"--S969.

The first of these amendments has to do with the expansion of the 85-15 ratio rule, veterans to non-veterans enrolled in programs to all participating institutions. It further changes the universe of students on which the ratio is based. We submit that this amendment is too restrictive and regressive and would cause many programs offered in schools of higher education to be terminated because the schools couldn't operate the programs under these terms. The veterans would suffer greatly because of the elimination from many schools of programs that have been popular and useful for the veteran.

Our next concern is contained in Sections 207 and 307 which would amend Sections 1674 and 1724 of the law so that a veteran could be considered not progressing at a satisfactory rate if, in any particular semester, the veteran is enrolled for a fewer number of credit hours than would permit such a veteran to graduate within the approved length of the course. We feel this provision is much too directive and dictatorial because it concerns itself too greatly with judgment areas that can only be evaluated and decided on satisfactorily by the respective institution of higher learning where veterans are enrolled.

The third problem area concerns Section 509 which would amend Section 1789 of the law so that the present exception to the prohibition of approval of programs in operation for less than two years would be inapplicable to public, tax-supported branches, or extensions located outside the area of the taxing jurisdiction. The same exception to the two-year rule for private, non-profit colleges would be substantially narrowed so that it would be available only to a branch or extension located within normal commuting distance of the institution. This proposed restriction bears no relationship

Bryant & Stratton Business Institute, 1028 Main Street, Buffalo, New York 14202 (716) 884-9120
Accredited by the Accrediting Commission of the
Association of Independent Colleges and Schools

Honorable Vance Hartke
August 19, 1976
Page 2

to course quality, infringes on academic policy making, and reduces the availability of nearby schooling for veterans.

The fourth amendment contained in Section 701 of the Bill would amend Section 3101 (a) of the law so that where a veteran has designated the address of an attorney-in-fact for purpose of receiving the benefit check, and has also executed a power-of-attorney for the negotiation of the check, such action by the veteran would be deemed an assignment and would be prohibited. This represents a proposed rescinding of the rights given to do so provided in the law of 1972 and again represents an invasion of the right of the individual veteran to exercise this free choice of action for his own convenience.

We respectfully request your reconsideration of these amendments, which we feel are too regressive and would have a great negative effect on the present G.I. Bill and the entire veteran educational program.

Sincerely,

M D Mergenhagen

Melvin D. Mergenhagen
Vice President for Public and
Administrative Affairs

jmj

RUTLEDGE
COLLEGE
P. O. Box 5009, Greenville, S. C. 29606

August 19, 1976

VETERANS' AFFAIRS COMM.
AUG 24 1976
WASHINGTON, D.C.

Senator Vance Hartke, Chairman
Senate Veterans Affairs Committee
Russell Office Building
Room 414
Washington, D. C. 20510

Dear Senator Hartke:

As a member of the Region IV Advisory Committee for Proprietary Schools, I was selected during our meeting on August 10, 1976 to write you and express our concerns regarding the Harke Amendment Number 2005 to S.969 which is called the Veterans Education and Employment Assistance Act of 1976. We support the amendment and consider the majority of the proposed legislation to be excellent.

However, there are three areas of the amendment which are causing us concern, and we believe they need further study and scrutiny before the bill is reported out of committee. First, the 85/15 ratio contained in Section 206 and would amend Section 1673 of the law should be deleted completely as it is now stated. This section could have a profound impact on many colleges, schools and students across the nation. It is our opinion that there is need for control, but this particular provision duplicates the Standards of Progress which are now in force by the State Approving Sections. In addition, we feel the fifteen percent should include all non-veterans regardless of the method of tuition payment, which Section 1673 of the present law provides. Therefore, it is the opinion of our committee that the present Section 1673 of law has adequate control along with the current Standards of Progress enforced by the State Approving Sections.

Our second concern is in regard to Sections 207 and 307 which would amend Sections 1674 and 1724 of the present law. The amended sections require a fifteen semester hour load to be considered a "full-time student." This would be true regardless of the language of Section 1788 of the law which permits consideration of a full-time course to be twelve semester hours. Therefore, it is our opinion that the amended Sections 207 and 307 are unfair to the student and that a twelve semester or twelve quarter hour load should be considered sufficient course work for a student to be classified full time. Our veteran students are holding down full-time jobs and a twelve-hour course load is a reasonable full-time load.

A Two Year Co-educational College of Business

Senator Vance Hartke, Chairman
August 19, 1976
Page 2

The third concern we have regarding the bill is Section 509 which would amend Section 1789 of the law regarding extensions and branches. It is our opinion that a "grandfather clause" protection provision should be included in the bill for all extensions and branches currently in operation. We request that the various educational accrediting commission representatives be given the opportunity to appear before the Veterans Affairs Committee to discuss the full impact of these three provisions of the bill.

We thank you for your interest and would hope that you will evaluate the three provisions noted above and support the changes suggested.

Sincerely,

James R. Couch, Ed.D.
Region IV Advisory Committee
For Proprietary Schools

JRC:ee

ASSOCIATION *of*
INDEPENDENT COLLEGES *and* SCHOOLS

1730 M STREET, N.W. · WASHINGTON, D.C. 20036 · 202/659-2460

Office of
General Counsel

August 24, 1976

The Honorable Vance Hartke
Chairman, Committee on Veterans' Affairs
United States Senate
Washington, D.C. 20510

Dear Senator Hartke:

This is in response to your invitation to comment on Amendment Number 2005 to S.969 submitted by you and Senator Stafford concerning veterans education and assistance. Our remarks fall into two general categories. First, we would deal with your new post-Vietnam program. Second, we would comment upon proposed amendments to the administration of the present program.

PROPOSED NEW POST-VIETNAM PROGRAM

Certainly, it is a political consideration properly the prerogative of the Congress to consider whether or not as a matter of public policy the presently constituted "G.I. Bill" should be abolished. We think it would be unfortunate for the veteran, the Armed Services, and the nation, itself, to lose this singularly successful program. However, if that program is fated for extinction, then by way of general principle, your "Post-Vietnam Era Veterans' Readjustment Assistance Act of 1977" (Title IV) represents a good faith approach to dealing with a continuing need for veterans' education.

We consider it most unfortunate that time has not permitted the holding of hearings on this important newly proposed program. Our initial reaction to the proposal is that it has some very worthwhile features. Two serious ommissions, in our view, are that it neither provides for part-time study, nor is there additional subsistence for a veteran with spouse or dependent children. We hope these particularly can be remedied. Further, we question only the level of financial support under the proposed program which would be less than the present program. We suggest that the Department of Defense, instead of being a discretionary contributor, should be required to contribute the same 2-for-1 basis as would the Veterans' Administration for a total of 4-1. Possibly, Commerce should sponsor the Coast Guardsmen.

TECHNICAL AMENDMENTS TO PRESENT PROGRAM

There are a host of what might be called "technical amendments" to the existing law upon which we feel appropriate to comment. These include:

1. The 8% increase in the monthly training allowance is a welcome recognition of the impact of inflation.

2. Similarly, the increase from $600 to $1200 for the maximum annual educational loan amount is a realistic recognition of the true costs of education.

3. The extension of benefits for those now eligible from 36 to 45 months, along with the continuation of the PREP program, is most worthwhile and we hope will survive any Senate-House Conference.

4. While any increase in the reporting fee paid to institutions is welcome, we urge that the Committee review the institutional cost reimbursement proposals in S.2697, the Higher Education Amendments of 1976, which provides $15 per student on the Basic Education Opportunity Grant program and $10 per student for the Guaranteed Student Loan program. Hence, we respectfully suggest that the proposed increase of $2 per veteran student reporting fee does not sufficiently recognize the administrative costs of the program to the institution as is recognized by other student aid programs. At a very minimum, we suggest $10 per student reporting fee.

5. In response to your suggestion in your letter of July 7, 1976, we have been in contact with Committee Counsel, Guy McMichael, concerning the proposed definitions for an "institution of higher learning" and a "standard college degree." It is our understanding that the intent of these two statutory definitions is to incorporate into the law the present regulatory intent and the administrative decisions of the V.A. concerning these two definitions.

   We understand you have been informed by the V.A. that collegiate accreditation and candidate status granted by the Accrediting Commission of the Association of Independent Colleges and Schools has the recognition of the U.S. Office of Education and is accepted by the Veterans Administration for purposes of these two important definitions. Further, the Veterans Administration and Mr. McMichael have prepared language which would be substituted for the present language in the measure as introduced so that present V.A. practice with regard to collegiate accreditation and candidate status accorded by AICS and accepted by the V.A. would remain unquestioned and in full force and effect. We have been assured of this intention by your General Counsel, Mr. McMichael.

6. We understand that there have been, from the viewpoint of the Committee, problems of administration as it would make benefits available for veterans engaged in full-time independent courses of study for college credit. We suggest that the proposed treatment of the matter in Section 208 of the measure fails to take into account changes and innovations currently practiced in good faith at institutions of probity sponsoring professional programs of education of the highest integrity. We feel this subject is worthy of special hearings by the Committee before flexibility is foreclosed. For the present, we would limit this observation not to occasional courses of study but to completely professional level training at the post-baccalaureate level.

7. We suggest that Sections 207 and 307 of the measure may be too inflexible in requiring a minimum level of progress for each semester so that, in effect, the language of Section 1788 of the law would be amended to require a full-time course to be more than 12 semester hours. We suggest that the necessity for a finding by the Administrator of "mitigating circumstances" is unduly burdensome, time-consuming, and may constitute a direct involvement by the federal government in the internal institutional involvement by the federal government in the internal institutional administration of academic programs. Additionally, it would appear that the proposal would affect an otherwise excellent student who may have failed or dropped as little as one course in a particular semester or quarter, and yet may have completed satisfactorily at least 12 credit hours.

Indeed, the concept of "progress" takes on a new dimension by this proposal. We suggest it be eliminated or, at the very least, the language be amended to permit a more simplified post-audit evaluation of the veterans' rate of progress by the institution and for which the institution would be accountable instead of the onerous and ominous consequences of a finding of "mitigating circumstances" by the Administrator.

8. In a very narrow sense, Section 509 of the measure dealing with courses offered by a branch or extension is not applicable to proprietary, for-profit (tax-paying) educational institutions because the exceptions of part (b) to the prohibitions of part (a) of Section 1789 are applicable only to public, tax-supported institutions and proprietary non-profit educational institutions. Thus, we think it is particularly appropriate that Section 509 of the measure should include at page 43, line 3, the additional words: non-profit, to be inserted after the word, proprietary.

Indeed, it may be most appropriate for the Committee to remind everyone that for purposes of the V.A. statutes, the term, proprietary, is generic in nature and includes all institutions which are not public. Thus, both "non-profit" and "for-profit" as the terms are commonly accepted, are included in the generic term, proprietary. This is, of course, in contrast to Section 491(b) of the Higher Education Act of 1972 as amended, limits the use of the term, proprietary, to so-called "for-profit (tax-paying rather than tax-avoiding or tax-consuming)" institutions.

It would prove a hardship to the veteran and an unwarranted limitation on institutional flexibility if collegiate proprietary, non-profit institutions are denied the necessary flexibility to respond to varying veteran and community needs. If the proposal of Section 509 is adopted, it would make inapplicable through a new Section (c) the exception of subsection (b) to the general prohibition of Section (a) of Section 1789. If there is a particular ad hoc problem which the Committee feels should be treated directly, we respectfully suggest that such so-called problems may have already acquired the necessary two years of antiquity. Hence, the general prohibition of Section 1789 may not be invoked, and therefore, no limitation or inapplicability proposed by the present measure to the exception of the general prohibition does not address the problem. If the problem is one of program supervision and administrative responsibility, we suggest that it be addressed directly rather than obliquely.

One of the essential elements of the G.I. Bill, as distinguished from the requirements of tax legislation, is that, with the very narrow exception of refresher training, G.I. education must be geared to prepare the veteran for a vocational skill or the educational credential which he does not now possess. The converse is, of course, true to qualify for tax deductibility under IRS statutes. Section 509 would, thus, effectively make veteran students ineligible for the needed innovative courses and programs indicated by shifting manpower needs for the reason that they are not two years old. The antiquity of the course may, as a practical manner, be inversely related to the quality of the program and the immediate needs of the veteran student. As drafted, we must express our opposition to Section 509.

9. Our opposition to Section 206 which would both expand the types of institutions embraced within the 85-15 ratio and materially reconstitute the universe on which such a ratio would be computed is most vigorous.

(a) As distinguished from other federal education programs which generally define student and institutinal eligibility, the G.I. Bill is cast in terms of course or program approval. From a vocational or occupational vantage, this is probably more easily articulated but from an educational credential vista, such as a standard college degree granted by an institution of higher learning, the interface is more remote and less subject to quantification. Hence, we suggest that whatever may have justified such a ratio of veterans to non-veterans in more simplistic courses or programs is not fairly subject to reasonable administration at the college level. Further, it is subject to the shifting needs of the veteran, the community, and employers which could serve to deny a veteran of his entitlement. Such a prohibition at the college level fails to take into account the varying student profiles served by the differing varieties of collegiate institutions. Collegiate institutions with their many courses and programs would have an undue burden in trying to account for the numbers of veterans and non-veterans in multiprogram and multicourse offerings. There is no academic relationship to the proposed cut-off of enrollments, nor is it related to educational quality at the collegiate level, without admitting that there is at below-college level.

(b) To expand the universe of students upon which the 85-15 ratio would be computed is to make a change in the law without investigating or admitting the full consequences of the language implications. Not all "grants" are the result of the same public policy. By way of example, the Supplemental Educational Opportunity Grant (SEOG) is the disbursement of federal funds through an institutional prerogative of which the student is an incident. On the other hand, the Basic Educational Opportunity Grant (BEOG) is an entitlement of the student and the institution is the object of his discretion.

The Committee may wish to examine the proceedings of the House Rules Committee for an interesting determination as to whether or not the Guaranteed Student Loan program is an "entitlement" and, hence, a "grant", or whether the Basic Educational Opportunity Grant is determined not to be a grant in current congressional legislation dealing with higher education. Further, we suggest that the Committee may not have taken into account the host of dependent, survivor, student "grants" in such diverse programs as Social Security, Civil Service, Railroad Retirement, Black Lung, Longshoremen and Harbor Workers, and indeed, veterans dependents' survivor grants.

We suggest that to change the universe on which the 85-15 ratio would be computed, fails to take into account the varying purposes, philosophies, entitlements, and discretions of a host of different student grant programs under the jurisdiction of committees other than the Veterans Affairs Committee. The record-keeping and accounting for students under such a requirement would be onerous and expensive in the extreme dimension. In effect, it would shift the computation from the know universe of veterans to making sure that at least 15% of all students in each course or program would be "cash customers" or at least privately financed. This, of course, would add an additional facet to the already complex relationship of all postsecondary educational institutions to the federal government.

We most strenuously object to any changes in the present 85-15 ratio either in the area of the type of institution to which it would apply or the universe of programs and students on which it would be computed.

CONCLUSION

In summary, we are tempted to speculate that much of the inhibitory language which has been described as "amended to prevent or reducing abuses under the G.I. Bill program" is an attempt to do indirectly that which might be socially unacceptable or politically inappropriate if attempted directly. If the Committee is of the opinion that that motive of some veterans using educational benefits is undesireable, then we respectfully suggest that the Committee address itself to developing statutory and regulatory techniques of identifying acceptable or unacceptable degrees of G.I. Bill benefits motivation rather than mere intention to utilize educational benefits. The proposals of the measure unfairly burden those veterans and those institutions which certainly could pass muster in any analysis of motivation into "acceptable and unacceptable" presuming such analysis could be valid and constitutionally developed. We do not think it can and we do not indulge in such presumption. If there are administrative weaknesses in the program, then let the administrators of the program act responsibly and be accountable to the Congress rather than burdening the program with inflexible statutory prohibitions and mandates unfair to the veteran and the school.

Similarly, we are concerned that the necessary division between statutory and regulatory language and needs may become blurred in an abundance of good intentions. Further, we suggest that statutes themselves should be explicit and self-contained. Admittedly, legislative committee reports can be helpful to explain what is in the statute, but WE ARE WORRIED THAT THERE IS THE POSSIBILITY THEY MIGHT BE RELIED UPON TO IDENTIFY THAT WHICH MIGHT NOT BE IN THE STATUTE. We hope that any revisions of the administrative sections of the law dealing with the present G.I. Bill be sufficiently explicit to avoid the murky areas of extended controversy of legislative intent.

We appreciate very much the opportunity of expressing the views of the Association on your amendment. We share your concern for the elimination of abuses and for the continued availability of educational benefits for veterans. We hope that both worthwhile goals can be achieved forthrightly and candidly. We sincerely hope that our comments can be of assistance to you in arriving at a constructive Committee Report supportive of an amended version of your proposed amendment.

We must reaffirm our regret that the present G.I. Bill may have a limited future. We applaud your efforts to identify and supply a constructive and meaningful substitute program.

Sincerely,

Richard A. Fulton

Richard A. Fulton
General Counsel

RAF:at
cc: all members of the Committee on
Veterans' Affairs

STATE OF SOUTH CAROLINA
DEPARTMENT OF EDUCATION

CYRIL B. BUSBEE
STATE SUPERINTENDENT OF EDUCATION

COLUMBIA

August 24, 1976

The Honorable Vance Hartke
Chairman, Committee on Veterans Affairs
United States Senate
Washington, D. C. 20015

Dear Mr. Hartke:

Regarding: Amendment Number 2005 to S 969

This is an additional comment to comments previously submitted on July 27, 1976, and August 16, 1976.

Section 1789

Our Association has always opposed the removal of the two year restriction as contained in this Section. During our 19th Annual Conference, San Francisco, California, August 14-17, 1966, the following report was adopted: "An effort is being made by schools which establish branches in different parts of the country, to have the two year limitation removed for branch schools if the parent school has been in operation for a considerable period of time. Committee members expressed opposition to this move and favored leaving regulations as they are."

Personally, I have only one objection to the revision as stated in Section 1789 (c) (2), which states, "A proprietary institution where the branch or extension is located beyond the normal commuting distance of such institutions."

Normal commuting distance has been defined by the Veterans Administration as "means to serve same community and draw students from community." The regulation further states that distance is not defined in actual miles and normally, not more than 30 miles and ordinarily much closer than 30.

The Honorable Vance Hartke
Page 2
August 24, 1976

The key to the definition is serving the same community. The same community can be defined as a geographical area which is served by a municipal government with a mayor, etc., or it can be defined as a geographical area with several nearby municipalities with their own governing bodies, or it can be defined as an entire state.

It appears to me that a definition for normal commuting distance should be included in the law and the definition should not be ambiguous but should be so specific that State Approving Agencies in all of the states would have a clear path to follow.

Normal commuting distance in terms of miles, which has been ruled out by the Veterans Administration, with unspecific limitations such as not more than 30 miles, and normally closer than that is a general statement which can mean almost anything.

It appears to me that a definition of normal cummuting distance could be along the lines as serving the citizenry a specific location with a specific governing body which includes nearby areas without a governing body, but does not include a specific area in another location with a specific governing body.

Again, may I say the normal commuting distance will cause a tremendous amount of problems for State Approving Agencies.

Sincerely,

Marvin P. Busbee, Chief Supervisor
State Approving Section

MPB/db

CC: Guy McMichael

Fairfax County Public Schools

10700 Page Avenue, Fairfax, Virginia 22030

VETERANS' AFFAIRS COMM.
RECEIVED
SEP 01 1976
WASHINGTON, D.C. 20510

August 24, 1976

The Honorable Vance Hartke
Veterans Affairs Committee
United States Senate
Washington, D. C. 20510

Dear Senator Hartke:

Thank you for providing a copy of your proposed amendment to the Veterans' Education and Employment Assistance Act of 1976.

Fairfax County Public Schools has offered a PREP program at Fort Belvoir for the past three years. I am pleased to see that your amendment proposed to continue the PREP program. The program has enabled us to extend educational services to servicemen residing in our area with Veterans Administration support.

One major concern that I have is under Title VII - Section 701. If I interpret this correctly it would prohibit the use of the Power of Attorney to negotiate checks sent to the school in the serviceman's name. Since many of the servicemen who enroll in the PREP classes have completed, and in many cases have been transferred to other stations before payment is made by VA, the elimination of the use of a Power of Attorney would create a difficult problem in collection of tuition. I believe that a provision should be retained to allow for use of the Power of Attorney, or that the law be changed to permit payment of tuition directly to the school.

Please advise me if I can be of further assistance.

Sincerely,

S. John Davis
Division Superintendent

VETERANS OF FOREIGN WARS
OF THE UNITED STATES
FOUNDED 1899

OFFICE OF
DIRECTOR, NATIONAL LEGISLATIVE SERVICE

V. F. W. MEMORIAL BUILDING
200 MARYLAND AVENUE, N. E.
WASHINGTON, D. C. 20002

August 26, 1976

The Honorable Vance Hartke
Chairman
Committee on Veterans' Affairs
United States Senate
Washington, D. C. 20510

Dear Mr. Chairman:

Having been advised a mark-up session with respect to S. 969, the "Veterans Education and Employment Assistance Act," as amended, will be held on September 1, 1976, it is incumbent upon me to bring to your attention certain resolutions passed by our 77th National Convention. They are as follow:

Resolution No. 601, entitled, "Veterans Administration Programs," which, in paragraph 11 of the "RESOLVED" clause, calls for a cost-of-living increase in VA benefits.

Resolution No. 614, entitled, "Permit Postgraduate Studies Under Public Law 93-508."

Resolution No. 618, entitled, "Veterans Employment Laws."

Resolution No. 624, entitled, "Veterans Preference in Federally Funded Programs."

Resolution No. 638, entitled, "Strengthening Veterans Rights under CETA."

Resolution No. 639, entitled, "Extending Re-employment Rights of Veterans."

Resolution No. 640, entitled, "Implementing Veterans Employment Laws."

Resolution No. 665, entitled, "Assistant Secretary of Labor for Veterans Employment."

Resolution No. 670, entitled, "Increase Veterans Participation in CETA."

Resolution No. 680, entitled, "Veterans Preference under CETA."

Resolution No. 687, entitled, "Assure Veterans Preference under CETA."

Resolution No. 691, entitled, "Training and Employment for Veterans."

Resolution No. 695, entitled, "Veterans Educational Assistance."

Resolution No. 697, entitled, "Proposed Peacetime GI Bill," opposes any peacetime bill funded in whole or in part by the VA, but supports such bill if funded in its entirety by the Department of Defense and active-duty members of the Armed Forces.

Informal information indicates an amendment may be introduced to further extend the delimiting date for educational benefits under chapter 34, Title 38 of the United States Code. Our current V.F.W. Resolution No. 695, entitled, "Veterans Educational Assistance," opposes any further extension of the time limit for the completion of education under the provisions of chapter 34, Title 38 of the United States Code. In addition to the rationale set forth in our resolution, most of those affected by the May 31, 1976 cutoff are post-Korean Conflict veterans, peacetime veterans. It is germane to the issue to note that 793 of these veterans are over 65 years of age; 8,219 are veterans between the ages of 55 through 64; 20,684 are between the ages of 45 through 54 years; and 324,379 are between 35 and 44 years old. In other words, 74 percent of the veterans who will benefit by the further extension of the 10-year delimiting period are well over 35 years of age. This is not to mention a substantial number are retired career military personnel.

I believe the Chairman of the House Veterans' Affairs Committee, the Honorable Ray Roberts, summed up this question most eloquently when he stated, "The GI Bill is a veterans' measure designed to help veterans. It is not a bill intended to subsidize educational institutions. The GI Bill is not a program to help recruit servicemen for the Armed Forces. The GI Bill is not a form of supplemental income for veterans who are not making enough money and, lastly, the GI Bill is not another form of unemployment insurance."

A copy of this letter is being furnished to all Members of your Committee and with best wishes and kind personal regards, I am

Sincerely,

Donald H. Schwab

DONALD H. SCHWAB, Director
National Legislative Service

Enclosures

Resolution No. 601

VETERANS ADMINISTRATION PROGRAMS

WHEREAS, the justification for continuous review and liberal changes up-dating all programs administered by the Veterans Administration is clearly evident; and

WHEREAS, the Veterans Administration has been the sole agency since 1930 dedicated to carrying out veterans programs and benefits approved by Congress; and

WHEREAS, the establishing of the Veterans Administration and subsequent enactment of hard fought for rights and benefits represents the Nation's recognition of its debt to veterans; and

WHEREAS, notwithstanding, there are continuous assaults on the integrity of veterans programs by so called "welfare planners" which recommend that veterans programs be merged with programs of other agencies, legislative proposals in the Congress or Executive Orders or actions; now, therefore

BE IT RESOLVED, by the 77th National Convention of the Veterans of Foreign Wars of the United States, that we seek approval of the following recommendations by changes in legislation as applicable:

1. Authorize presumption of service connection for psychosis and malignancy if manifested within five years following wartime service.

2. Oppose any and all proposals which could be construed as dismembering, dismantling or in any way diminishing the integrity of the programs of veterans' rights and benefits as administered by the Veterans Administration.

3. Oppose judicial review of veterans benefits excluding contractual obligations.

4. Authorize service connection for conditions related to radiation exposure in service regardless of time when disease occurs after separation from service.

5. Oppose setoff of disability compensation or pension in Railroad retirement benefits, or any other federal retirement to which a veteran is entitled.

6. Oppose the irrevocability clause of Federal Employees' Compensation in order to permit an election of the greater benefit between Federal Employees' Compensation and VA.

7. The present rating schedule utilized by the Veterans Administration to remain in effect without change and no revision be made unless it is first submitted to Congress subject to public hearings.

(Continued)

Continued Resolution No. 601

8. To provide additional funds and personnel for the Veterans Administration to insure adequate staffing at all VA facilities and prompt administration of all VA benefits to all veterans.

9. Allow the additional 9 months extension under P. L. 93-508 for post-graduate studies or to whatever extent it is necessary for him to meet his educational objective.

10. Permit veterans to temporarily waive or interrupt their training to conserve entitlement.

11. Provide for a cost of living increase for VA benefits.

Adopted by the 77th National Convention of the Veterans of Foreign Wars of the United States held in New York, New York, August 13 through 20, 1976.

Resolution No. 601

Resolution No. 614

PERMIT POSTGRADUATE STUDIES UNDER PUBLIC LAW 93-508

WHEREAS, the additional 9-months' extension for completion of educational benefits under Public Law 93-508 is currently restricted to undergraduate work; and

WHEREAS, the V.F.W. opposed this restriction when hearings were held by the Senate and House Veterans' Affairs Committees; now, therefore

BE IT RESOLVED, by the 77th National Convention of the Veterans of Foreign Wars of the United States, that we seek the introduction and passage of legislation to remove the current restriction on the 9-months' extension imposed by Public Law 93-508 to allow the additional time for postgraduate studies or to whatever extent necessary to meet educational objectives.

Adopted by the 77th National Convention of the Veterans of Foreign Wars of the United States held in New York, New York, August 13 through 20, 1976.

Resolution No. 614

Resolution No. 618

VETERANS EMPLOYMENT LAWS

WHEREAS, the Senate Veterans Affairs Committee Chairman recently reported that the unemployment rate for veterans 24 years of age or under was 60% higher during the first three months of 1976 than for similarly aged non-veterans; and

WHEREAS, there are present laws on the books, such as the 1974 G.I. Bill, which requires "Positive Steps" by federal contractors in the hiring of Vietnam able-bodied and disabled veterans; and

WHEREAS, as of this date, two years later, the Department of Labor has yet to issue implementing regulations; now, therefore

BE IT RESOLVED, by the 77th National Convention of the Veterans of Foreign Wars of the United States, that we advocate the issuance of implementing regulations by the Secretary of the U.S. Department of Labor as a step toward lowering the high rate of unemployment among Vietnam Veterans.

Adopted by the 77th National Convention of the Veterans of Foreign Wars of the United States held in New York, New York, August 13 through 20, 1976.

Resolution No. 618

Resolution No. 624

VETERANS PREFERENCE IN FEDERALLY FUNDED PROGRAMS

WHEREAS, it has long been consistent with Congressional and Department of Labor policy that veterans of this nation receive special consideration and preference in programs of job placement and training provided by Federal funds; and

WHEREAS, PL 346 of 1944, "GI Bill of Rights" and other Federal legislation state that there shall be an effective placement service for all veterans; and

WHEREAS, the mandatory listing provisions of PL 92-540 specifically require veterans preference consideration in the filling of job openings created by Federal funds that is binding on all contracts granting funds to private industry; and

WHEREAS, PL 92-540, the Veterans Readjustment and Employment Act of 1972, with respect to veterans preference, specifically states in Chapter 41, Section 2013, "...or any other manpower training or related program financed in whole or in part with Federal funds;" and

WHEREAS, the Comprehensive Employment and Training Act of 1973 (CETA), (PL 93-203) does not provide veterans preference consideration in contracts providing Federal grants to state and local governments to all veterans; now, therefore

BE IT RESOLVED, by the 77th National Convention of the Veterans of Foreign Wars of the United States, that we request the President of the United States to issue an Executive Order to insure the inclusion of veterans preference requirement in all contracts issued to state and local governments under PL 93-203, the Comprehensive Employment and Training Act 1973; and

BE IT FURTHER RESOLVED, that, in lieu of such an Executive Order, we sponsor and support legislation to amend PL 93-203 to provide for veterans preference in all job and job training activities financed through Federal funds.

Adopted at the 77th National Convention of the Veterans of Foreign Wars of the United States held in New York, New York, August 13 through 20, 1976.

Resolution No. 624

Resolution No. 638

STRENGTHENING VETERANS RIGHTS UNDER CETA

WHEREAS, PL 93-203, CETA of 1973, Section 301 (d) by reference to Chapter 41, PL 92-540 and 93-508 provide authority for State Veterans Employment Representatives to monitor and determine the effectiveness of all programs and activities involving the employment and training of veterans; and

WHEREAS, current CETA regulations lack a definition of "special consideration" to veterans; and

WHEREAS, there is no realistic identification made by Prime Sponsors of Employment and Training needs for all veteran groups as a target population in grant applications; and

WHEREAS, there is an inadequacy of types of programs planned in grant applications with respect to veterans' needs; now, therefore

BE IT RESOLVED, by the 77th National Convention of the Veterans of Foreign Wars of the United States, that the term "special consideration" be revised to "priority" consideration with a description of what action will be taken to obtain priority; and

BE IT FURTHER RESOLVED, that the grant application from Prime Sponsors contain specific statements as to the number of veterans (by category) in Prime Sponsors' Area;

(a) the source (s) of this information must include the Employment Service and Veterans Organization,

(b) a specific presentation of the above numbers of veterans who are expected to be provided services must be identified with periodic reports on progress with explanation of any deviation; and

BE IT FURTHER RESOLVED, that there be a requirement of veteran representation on planning councils with the Prime Sponsor seeking recommendations from the State Veterans Employment Representative concerning such appointment of veterans representation; and

BE IT FURTHER RESOLVED, that the quarterly progress report from the Prime Sponsor be made available to the SVER's; and

BE IT FURTHER RESOLVED, that there be a designated person on each Prime Sponsor's staff who has an assignment of major responsibility for the veterans' service, and

BE IT FURTHER RESOLVED, that this person so designated be required to work with Local Office Veterans Representatives; and

(continued)

Resolution No. 638-Page 2-continued

BE IT FURTHER RESOLVED, that after the SVER or his designee completes a monitoring evaluation the Regional Office will within 45 days investigate and make determinations of implementation of any recommendations. If the Prime Sponsor continues to fail to perform, his subsequent funding shall be reduced by that percentage of funding designated for veterans. The Prime Sponsor should have 60 days to initiate remedial action which must be approved by the Regional Office and the concerned State Veterans Employment Representative.

Adopted by the 77th National Convention of the Veterans of Foreign Wars of the United States held in New York, New York, August 13 through 20, 1976.

Resolution No. 638

Resolution No. 639

EXTENDING RE-EMPLOYMENT RIGHTS OF VETERANS

WHEREAS, a fully manned armed forces is important to the national defense of the United States of America; and

WHEREAS, it is a stated policy of the United States Government to fill the ranks of the armed forces with persons who voluntarily enlist for military service; and

WHEREAS, the encouragement of enlistments from persons employed in the private sector of the economy should be promoted because of those person's training and technical skills; and

WHEREAS, those persons leaving the private employment sector to voluntarily enlist in the armed forces of the United States should be fully protected under the law as to their re-employment rights at the completion of their military service; and

WHEREAS, the present law concerning re-employment rights of veterans, as a general rule, provides protection to persons who enlist in the military services for a period of four years, with extensions of that time available under unusual circumstances; and

WHEREAS, in the case of technical training, military services have encouraged voluntary enlistments for a period of more than four years; now, therefore

BE IT RESOLVED, by the 77th National Convention of the Veterans of Foreign Wars of the United States, that we support legislation amending Chapter 43, Title 38, of the United States Code relating to veterans' re-employment rights, and extending the period of protection for re-employment to a period of six years.

Adopted by the 77th National Convention of the Veterans of Foreign Wars of the United States held in New York, New York, August 13 through 20, 1976.

Resolution No. 639

Resolution No. 640

IMPLEMENTING VETERANS EMPLOYMENT LAWS

WHEREAS, it has been the long established policy of the Veterans of Foreign Wars to support and promote a program of maximum employment assistance for veterans; and

WHEREAS, Chapters 41 and 42, Title 38, U.S. Code provide for an effective job placement, counseling and training program for veterans; and

WHEREAS, administration of these programs is the responsibility of the Veterans Employment Service, U.S. Department of Labor in cooperation with the State Employment Service agencies; and

WHEREAS, there is a need to strengthen the delivery of these services through numerous actions so as to reduce the current high unemployment rate of veterans; now, therefore

BE IT RESOLVED, by the 77th National Convention of the Veterans of Foreign Wars of the United States, that we seek legislation or administrative changes to accomplish the following actions:

1. That there be adequate funds appropriated by the Congress, earmarked specifically for employment services to veterans, for the use of the Veterans Employment Service, U.S. Department of Labor in carrying out their responsibilities under the law.
2. That budgeted funds for each State Employment Service agency for services to veterans shall be separately identified for use exclusively for service to veterans. In addition, that there shall be included in each State Employment Service agency budget, adequate funds to support the assignment of full-time and part-time local Veterans Employment Representatives as required by law.
3. That the present nine (9) categories of veterans created by law and regulations for employment assistance purposes be reduced to three (3), namely: (a) disabled veterans who are rated at a compensable degree by the Veterans Administration; (b) handicapped veterans not included in (a); and (c) all other veterans and eligible persons.
4. That the position of Director, Veterans Employment Service, U.S. Department of Labor be elevated to an Assistant Secretary of Labor for Veterans Affairs.
5. That true preference for veterans be made a part of all laws and regulations governing CETA training and employment programs and that each CETA planning council shall have veteran representation as full voting members.

Adopted by the 77th National Convention of the Veterans of Foreign Wars of the United States held in New York, New York, August 13 through 20, 1976.

Resolution No. 640

Resolution No. 665

ASSISTANT SECRETARY OF LABOR FOR VETERANS EMPLOYMENT

WHEREAS, Congress has established a Veterans' Employment Service in the United States Department of Labor to promote vocational opportunities for veterans and to monitor and functionally supervise the many laws related to veterans' employment and training; and

WHEREAS, Congress has required that the Secretary of Labor shall assign to each State a Representative of the Veterans' Employment Service and additional representatives when justified by the veteran population of the state to carry out the purposes of the Veterans' Employment Service in the several states; and

WHEREAS, The Department of Labor has assigned a Regional Veterans' Employment Representative to each of its ten Regional Offices to direct veterans' employment affairs in the Region, being responsive both to the Director of the Veterans' Employment Service and the Assistant Regional Director for Manpower; and

WHEREAS, because of the complexity of veterans' employment and training laws and programs, including numerous reference to veterans in the various titles of the Comprehensive Employment and Training Act, and because of the involved channels of organization through which he must operate, it is difficult for the Director of the Veterans' Employment Service to maintain the necessary direction and control of these significant programs; and

WHEREAS, legislation has been introduced in Congress to provide for a separate agency within the Department of Labor to be known as the Veterans' Employment Service, to authorize the appointment of an Assistant Secretary of Labor for Veterans' Employment, and for other purposes; now, therefore

BE IT RESOLVED, by the 77th National Convention of the Veterans of Foreign Wars of the United States, that we support legislation now in Congress to authorize an Assistant Secretary of Labor for Veterans' Employment and to establish the Veterans' Employment Service as a separate agency within the United States Department of Labor.

Adopted by the 77th National Convention of the Veterans of Foreign Wars of the United States held in New York, New York, August 13 through 20, 1976.

Resolution No. 665

Resolution No. 670

INCREASE VETERANS PARTICIPATION IN CETA

WHEREAS, Pennsylvania received almost $200 (199.7) million in CETA funds for Fiscal Year 1976; and

WHEREAS, the U. S. Department of Labor issued regulations granting disabled and certain other veterans special consideration for participating in CETA Prime Sponsors' programs and public service employment opportunities; and

WHEREAS, through the first six months of Fiscal Year 1976, less than 1% of the total CETA participants are disabled veterans, and only 2.4% of the total CETA participants are recently separated veterans; and

WHEREAS, veterans comprise nearly one-half of the male work force and male unemployment with disabled and recently separated veterans suffering a much higher incidence of unemployment than their non-veteran counterparts; now, therefore

BE IT RESOLVED, by the 77th National Convention of the Veterans of Foreign Wars of the United States, that we petition the U. S. Department of Labor to initiate new regulations requiring Prime Sponsors to include a minimum of 35% of all participants in CETA Titles I, II, and VI to be veterans, with special consideration given to disabled and recently separated veterans.

Adopted by the 77th National Convention of the Veterans of Foreign Wars of the United States held in New York, New York, August 13 through 20, 1976.

Resolution No. 670

Resolution No. 680

VETERANS PREFERENCE UNDER CETA

WHEREAS, the Comprehensive Employment and Training Act (CETA), passed by the Congress in 1973, does not contain explicit language for Veterans' Preference as a requirement in training and job selections; and

WHEREAS, it was clearly understood that such preference would be incorporated in the Federal Regulations when they were issued; and

WHEREAS, such Regulations only call for "Special Consideration" for such veterans without specifically defining the meaning of "Special Consideration;" and

WHEREAS, the Prime Sponsors who operate these employment and training programs are often averse to giving veterans preference in all training and job opportunities; and

WHEREAS, stronger language is needed in order to overcome this Prime Sponsor timidity in serving veterans; now, therefore

BE IT RESOLVED, by the 77th National Convention of the Veterans of Foreign Wars of the United States, that the Law and/or Federal Regulations be amended to insure true Veterans' Preference in all training and job opportunities funded under CETA.

Adopted by the 77th National Convention of the Veterans of Foreign Wars of the United States held in New York, New York, August 13 through 20, 1976.

Resolution No. 680

Resolution No. 687

ASSURE VETERANS PREFERENCE UNDER CETA

WHEREAS, the Comprehensive Employment and Training Act (CETA) of 1973 is the principal federal legislation authorizing manpower training and employment programs for the unemployed and underemployed; and

WHEREAS, the unemployment rate for young veterans remains at an alarmingly high level; and

WHEREAS, local "prime sponsors" charged with the Administration of CETA manpower program and selection of candidates for these programs served proportionately fewer veterans than other significant population segments during Fiscal Year 1976; now, therefore

BE IT RESOLVED, by the 77th National Convention of the Veterans of Foreign Wars of the United States, that we advocate a strengthening of CETA legislation, to guarantee preferential service to unemployed and underemployed disabled veterans and veterans of the Vietnam era.

Adopted by the 77th National Convention of the Veterans of Foreign Wars of the United States held in New York, New York, August 13 through 20, 1976.

Resolution No. 6[illegible]7

Resolution No. 691

TRAINING AND EMPLOYMENT FOR VETERANS

WHEREAS, it has long been the established policy of the Veterans of Foreign Wars to promote a maximum employment program for all Veterans, particularly Disabled Veterans; and

WHEREAS, under Public Law 92-540 and Public Law 93-508 the Congress declares as its intent and purpose that there shall be an effective (1) job and job training counseling service program, (2) employment placement service program, and (3) job training placement service program for eligible Veterans, other eligible persons and that, to this end policies shall be promulgated and administered through a Veterans Employment Service within the Department of Labor; and

WHEREAS, under the Comprehensive Employment and Training Act (CETA) of 1973, Public Law 93-203 required not only that Veterans be given special consideration in filling public service jobs, but that special emphasis be placed on the development of jobs which will utilize the special skills these Veterans acquired in the service and that the various Veterans Organizations seek positions on the Planning Councils within their areas to insure that Veterans are given this special consideration for job openings; and

WHEREAS, referral priority for Veterans to Training Programs by the State Employment Service Agencies has long been a legal mandated policy established by the Secretary of Labor and by Congress in the Veterans Employment Readjustment Act of 1972; and

WHEREAS, the continued implementation of Executive Order No. 11701 which requires Federal Contractors and subcontractors to give "special emphasis" to the employment of Disabled Vietnam Era Veterans, other Veterans and other eligible persons in listing of Mandatory Job Orders with the Public Employment Service; now, therefore

BE IT RESOLVED, by the 77th National Convention of the Veterans of Foreign Wars of the United States, that the implementation of Public Law 92-540 and Public Law 93-508, requiring Job Counseling, Training, and Placement service for veterans, and other eligible persons, and Public Law 93-203, Comprehensive Employment and Training Act, requiring Veterans be given special consideration in filling public service jobs, etc., and Executive Order No. 11701, requiring Federal and subcontractors list their job openings with the Public Employment Service and give special consideration to the hiring of Vietnam Era Disabled Veterans and other eligible persons and continued adequate appropriations by the National Congress for financing the Employment and Training Service, including the State Employment Security Agencies, the United States Employment Service and the Veterans Service.

Adopted by the 77th National Convention of the Veterans of Foreign Wars of the United States held in New York, New York, August 13 through 20, 1976.

Resolution No. 691

Resolution No. 695

VETERANS EDUCATIONAL ASSISTANCE

WHEREAS, the Veterans of Foreign Wars of the United States was instrumental in shaping the current GI bill as well as its predecessors and supporting passage thereof in the Congress of the United States; and

WHEREAS, the current GI bill extended entitlement to post-Korean Conflict veterans as well as Vietnam-era veterans, and

WHEREAS, the V.F.W. strongly supported extending the time for completion of education thereunder from eight to ten years; and

WHEREAS, the V.F.W. supported the extension of benefits from 36 to 45 months and

WHEREAS, the V.F.W. fought for realistic increases in educational assistance allowances; and

WHEREAS, when President Ford vetoed the most recent increase in payments for educational assistance the V.F.W. led the fight in Congress which resulted in the overriding of the presidential veto; and

WHEREAS, the V.F.W. has strongly opposed repeated attempts by the Administration to reduce the delimiting period from ten years to eight years; and

WHEREAS, under the current GI bill veterans may complete not only secondary education in high schools but even complete grade school while receiving monetary assistance from the Veterans Administration and still receive full educational assistance for undergraduate studies; and

WHEREAS, all things considered, we believe the current GI bill more generous than its predecessor; and

WHEREAS, educational assistance is a readjustment benefit; and

WHEREAS, funding in the amount of $662 million to $716 million necessary to extend the ten year time limit by even one year is not included in the First Concurrent Budget Resolution for the Fiscal Year 1977; now, therefore,

BE IT RESOLVED, the 77th National Convention of the Veterans of Foreign Wars of the United States opposes any further extension of the time limit for the completion of education under the provisions of Chapter 34, Title 38 of the United States Code.

Adopted by the 77th National Convention of the Veterans of Foreign Wars of the United States held in New York, New York, August 13 through 20, 1976.

Resolution No. 695

Resolution No. 695

VETERANS EDUCATIONAL ASSISTANCE

WHEREAS, the Veterans of Foreign Wars of the United States was instrumental in shaping the current GI bill as well as its predecessors and supporting passage thereof in the Congress of the United States; and

WHEREAS, the current GI bill extended entitlement to post-Korean Conflict veterans as well as Vietnam-era veterans, and

WHEREAS, the V.F.W. strongly supported extending the time for completion of education thereunder from eight to ten years, and

WHEREAS, the V.F.W. supported the extension of benefits from 36 to 45 months and

WHEREAS, the V.F.W. fought for realistic increases in educational assistance allowances, and

WHEREAS, when President Ford vetoed the most recent increase in payments for educational assistance the V.F.W. led the fight in Congress which resulted in the overriding of the presidential veto; and

WHEREAS, the V.F.W. has strongly opposed repeated attempts by the Administration to reduce the delimiting period from ten years to eight years; and

WHEREAS, under the current GI bill veterans may complete not only secondary education in high schools but even complete grade school while receiving monetary assistance from the Veterans Administration and still receive full educational assistance for undergraduate studies; and

WHEREAS, all things considered, we believe the current GI bill more generous than its predecessor, and

WHEREAS, educational assistance is a readjustment benefit; and

WHEREAS, funding in the amount of $662 million to $716 million necessary to extend the ten year time limit by even one year is not included in the First Concurrent Budget Resolution for the Fiscal Year 1977; now, therefore,

BE IT RESOLVED, the 77th National Convention of the Veterans of Foreign Wars of the United States opposes any further extension of the time limit for the completion of education under the provisions of Chapter 34, Title 38 of the United States Code.

Adopted by the 77th National Convention of the Veterans of Foreign Wars of the United States held in New York, New York, August 13 through 20, 1976.

Resolution No. 695

Resolution No. 697

PROPOSED PEACETIME GI BILL

WHEREAS, a number of bills have been introduced in Congress to establish a peacetime GI Bill to benefit members of the all volunteer military establishment; and

WHEREAS, most of these bills call for a contribution by the Armed Forces member to be matched by the Veterans Administration at the rate of $2 for every $1 contributed by the member; and

WHEREAS, we do not believe the Veterans Administration budget should be used as a recruiting tool by the Department of Defense to the detriment of veterans benefits and services, now, therefore

BE IT RESOLVED by the 77th National Convention of the Veterans of Foreign Wars of the U.S. that we oppose any peacetime GI Bill funded in whole or in part by the Veterans Administration, but we wholeheartedly support such new GI Bill if funded in its entirety by the Department of Defense and active duty members of the Armed Forces of the United States, and administered by the Veterans Administration.

Adopted by the 77th National Convention of the Veterans of Foreign Wars of the United States held in New York, New York, August 13 through 20, 1976.

Resolution No. 697

National Association of Concerned Veterans

Board of Directors

President
Jeffries Carey
Executive Vice President
Ronald R. Craig
Secretary
Thomas J. Ward
Treasurer
W. William Nicholsons
Vice President Membership
Charles C. Gaskins
Vice President Public Relations
James T. Deal
Vice President Minority Affairs
Thomas Alvarado
Vice President External Affairs
Michael Gold
Regional Directors
Kathleen Moore - Eastern
Tom Moss - Central
Elias Wasenger - Western
Directors at Large
Timothy L. Craig
Donald E. Martin
Richard L. Newman
John M. Reed, Jr.

Advisory Board

Acting Chairman
Stuart F. Feldman
Members
Honorable Walter F. Mondale
Honorable Charles McC. Mathias
Honorable Robert J. Dole
Honorable Walter R. Tkach, Jr.
Dr. Harry Bard
Dr. Robert J. Lee
Dr. John Mather
Dr. John P. Condon
Mr. George Stern
Mr. James Mixer
Dean K. Phillips
Mr. Joe Oppenheimer
Mr. William H. Edward
Ms. Sarah McClendon
Mr. Klaus Wax
Mr. Patrick M. McLaughlin
Mr. Stanley F. Burnham

TESTIMONY

by the

NATIONAL ASSOCIATION OF CONCERNED VETERANS

PRESENTED to the

EXECUTIVE COMMITTEE

of the

COMMITTEE on VETERANS' AFFAIRS

of the

UNITED STATES SENATE

by

TIMOTHY L. CRAIG

SEPTEMBER 1, 1976

Prepared by:
Jeffries Carey
President

"NACV is a tax exempt non profit corporation"
1900 L STREET, N.W., SUITE 314 • WASHINGTON, D.C. 20036 • 202 / 785-2155

national association of Concerned Veterans

Mr. Chairman, Distinguished Members of the Committee:

On behalf of myself, the Board of Directors and the entire membership of the National Association of Concerned Veterans (NACV), I would like to extend my appreciation for this opportunity to submit our comments on S-969 as amended, the "Veterans Education and Employment Assistance Act". I would also like to extend our commendation to the members and staff of this Committee for the fine work you have done on behalf of veterans in general, and the Vietnam Veterans in particular, over the past years. The commitment and dedication exhibited by members of this Committee, as well as by the staff, are encouragement and a hope for veterans in general, and Vietnam Veterans specifically.

The National Association of Concerned Veterans is the only major national veterans' organization composed primarily of Vietnam era Veterans in existence today. Although NACV is open to any "war veteran", we are nevertheless composed of 90 percent Vietnam era Veterans. Although we may not be THE voice of the Vietnam era Veteran, we believe that we are at lease one of the stronger voices of the Vietnam era Veteran in existence today.

Mr. Chairman, again, we thank you and this fine committee for the time, efforts and dedication devoted to the amendments to Senate Bill 969, which we are discussing today. As you know, it has long been the position of NACV to continue the G. I. Bill, however, since the House of Representatives has passed legislation for termination, we have advocated the

1900 L STREET, N.W. • WASHINGTON, D.C. 20036 • 202 / 785-2155

continuation until a suitable substitute could be analyzed and presented. Today, we speak to that substitute, the "Veterans Education and Employment Assistance Act - S.969", Amendment Number 2005. It is our opinion that the distinguished chairman of this Committee and Senator Stafford, produced a very fine piece of legislation in the "Veterans Education and Employment Assistance Act", because it gives us a reasonable alternative to the present G. I. Bill. The present G. I. Bill, particularly with its educational provisions, has had the greatest possible impact on American Society. For every dollar invested in the G. I. Bill, the American economy has reaped a return of from 300 to 600 percent in income. It must definitely be stressed that the G. I. Bill is an investment, not a "give-a-way" program. Also, this does not even address the cultural and sociological impact of the G. I. Bill, which can never by accurately measured. The educational assistance program has produced many business people, attorneys, doctors, civic leaders---and even some Congressional Persons. The G. I. Bill has done much for this nation. To further emphasize the importance of the G. I. Bill, whether it be the law as it is in effect today or the proposed legislation we are currently speaking to, I refer to Senator Stafford's remarks when he stated that "my involvement with the concept of the all volunteer force goes back to its beginnings. It is something that I was deeply committed to achieving and am proud that it has been achieved. But achieving that goal, and sustaining it are necessarily entwined. I fully believe that the continuation of some program of educational benefits after service is a necessary recruitment tool and this is part of what we are trying to achieve with this amendment." He further stated "Much has been said about the higher pay scales and bonuses being sufficient incentives for the recruit now considering entry into the armed services. I question the wisdom of termination of all opportunities for advanced education after service in light of the contribution former G. I. Bill programs have made to our country and its veterans." Therefore, a G. I. Bill is definitely vital to our country's defense.

We have testified on numerous occasions before this committee, and have spoken to some of the provisions of this legislation, therefore, we will only speak to those provisions about which we have reservations.

Title I, Sec. 102.:

Historically, the membership of NACV has unanimously voted in favor of resolutions which mandate an abolition of the delimiting date. Our position has always been that if a veteran spends two, three or twenty years of his or her life in service to his or her country, then he or she should be allowed to utilize his or her earned educational benefits regardless of when he or she is able to begin. Further, while we applaud this provision allowing the extension of educational benefits beyond ten years for disabled veterans, we have certain reservations about the manner in which this extension is provided. We would rather see such an extension codified in the law rather than left to the discretion of the Administrator of Veterans Affairs.

Title II, Sec. 204.:

Same remarks as stated in Title I, Sec. 102, above, except as it pertains to any eligible veterans.

Title II, Sec. 206.:

It is the general consensus of NACV that subsection (c) of this provision be deleted. Irrespective of the institution, if this provision is enacted, the record keeping that would be required to account for those students receiving federal aid in full or in part would tremendously impair control, enforcement, monitoring and accuracy in the entire administrative system. Lower income students as well as veterans would be considered not eligible due to the overall coverage of this provision. This provision would also increase the financial burden of the institution in the record keeping area. We would hope that the committee would reconsider this provision and the magnitude of its impact upon the educational community.

Mr. Chairman, while we have no major objections to the other provisions of this proposed legislation, we do hope that the Committee will give due consideration to the following:

1. The nine months of additional benefits - in removing the current restriction to undergradate use, we would hope that those veterans that lost eligibility on May 31, 1976, and were financially not able to continue their programs, will be allowed the opportunity to continue.
2. The VA educational loan - requirements be liberalized so that an eligible veteran may qualify without the red tape that he must currently cut through, such as being turned down by 3 banks.
3. The reporting fee - be adjusted to more accurately reflect the cost of administrative services and to be consistent with fees provided in other student aid programs.

In closing, Mr. Chairman and Members of the Committee, I again thank you for your dedication, commitment, and fine work on behalf of veterans and we are grateful for this opportunity to present our comments to you. We can only stress that the Vietnam Era is not yet over, but that this society may very well feel the effects of that "Era" for years to come. As a product of that Era, we do not feel we are an "unreasonable burden to society", but rather, we only desire the chance and opportunity to make our greatest contribution to society, and to the Nation for which we fought. We stand ready to work and cooperate with this committee in any possible way and will answer any questions you may have for us to the best of our ability.

Thank you.

AMVETS
AMERICAN VETERANS OF WORLD WAR II-KOREA-VIET NAM
AMVETS National Headquarters
1710 Rhode Island Avenue, N.W., Washington, D.C. 20036 (202) 223-9550

ROBERT A SNIFFEN
National Service & Legislative Director

September 3, 1976

VETERANS' AFFAIRS COMM.
SEP 08 1976
WASHINGTON, D.C. [illegible]

The Honorable Vance Hartke
Chairman, Veterans' Affairs Committee
313 Russell Senate Office Building
Washington, D.C. 20510

Dear Mr. Chairman:

This letter is to serve as a further update of AMVET views on Amendment 2005, S.969.

As per the mandate of our 32nd National Convention held recently in Philadelphia, AMVETS is in full concurrence with Chapter 32 - the Post Viet Nam Era Veterans' Readjustment Assistance Act. This new innovative direction brings about a well-defined distinction between wartime and peacetime benefits. The fact that the peacetime serviceman must contribute towards his future education further adds to that distinction.

Thus AMVETS favors this alternative to discontinuing the G.I. Bill as we have previously known it. Since AMVETS has historically supported education and training for wartime veterans as sacred, we strongly support Section 3 of Title IV which provides that in the event universal military training is reimposed by law that those entering military service after the effective date of such a change shall be eligible for Chapter 34 educational benefits.

Thus, AMVETS is now on record as supporting this "mini" G.I. Bill designed to assist the peacetime military person.

If AMVETS can be of further assistance, please do not hesitate to contact us.

Very truly yours,

Robert A. Sniffen
ROBERT A. SNIFFEN
National Service and Legislative Director

RAS:dal

UNIVERSITY OF LOUISVILLE VETERAN'S CLUB
ROOM 37 STUDENT CENTER
C/O DEAN OF STUDENTS
UNIVERSITY OF LOUISVILLE
LOUISVILLE, KENTUCKY 40208

VETERANS' AFFAIRS COMM.
SEP 08 1976
WASHINGTON, D.C.

Senator Vance Hartke
United States Senate
Washington, D.C. 20510

Dear Senator Hartke:

The University of Louisville Veterans' Club would like to bring to your attention the enclosed petition concerning S.969 and ammendment 2005, Veterans' Education and Employment Assistance Act of 1976, which you presented to the Senate on July 2,1976.

We find fault with three portions of the ammendment but feel that overall it is a good piece of legislation. We would wish a greater than 8% increase but realize the inflationary impact of this and will not push for a larger increase. We are, however, strongly opposed to the fact that the 10 year delimiting date was not extended,and,to provision nine of Title II which "extends to all programs of education the requirement that no more than 85 percent of the students enrolled incertain approved courses be in receipt of V.A. benefits or other Federal grants".

The delimiting date is unjust. A veteran should be allowed to use his or her educational benefits at any time in the veteran's lifetime that he or she wishes. The manifold return from this investment in the future of our country far outweighs the possible misuse of the funds and a more strict police policy by the V.A. could eliminate most of the misuse.

Legislation is presently in effect which limits the percentage of students using V.A. benefits in certain approved courses. We can see no reason for combining other Federal Aid to education programs with the V.A. program. These programs are financed independently, regulated independently, and should be independent of each other.

Please take these points and the 2,327 signatures we have on our petition to date into account when you seek passage of this bill.

Thank you very much for your kind attention to this matter.

Sincerely,

Wynn R Alexander

Wynn R. Alexander
Chairperson Executive Commitee
University of Louisville Veterans' Club

UNIVERSITY OF KENTUCKY
Hopkinsville Community College PREP
Bldg. 2131, 12th and Indiana
Fort Campbell, Kentucky 42223

VETERANS' AFFAIRS COMM.
SEP 13 1976

September 8, 1976

Senator Vance Hartke
Senate Office Building
Washington, D.C. 20510

Dear Senator Hartke:

Having read and discussed with colleagues the proposed amendment for Post-Vietnam Era veterans, I would say that the match system will probably work fine for our college level students. PREP, on the other hand, differs significantly in its operation and probably will suffer tremendously from the amendment.

As you know, PREP has not become the program Congress originally intended. It is not a voluntary program; the Army requires the troops to come for review for college, completion of high school work, and review for military tests. In fact, at Fort Campbell PREP is a hodge-podge of programs with little else operating for remedial studies.

The troops are often required to attend numerous cycles of PREP instruction even after it is determined that they likely will never be able to perform at a level where a high school equivalency certificate can be attained. For these troops, the Carnegie unit PREP program is available where a man earns a credit per term and credits for various military activities which produces a high school diploma, more valued by the Army but representing a lesser accomplishment. These repeated terms of PREP can hurriedly eat away the serviceman's benefit package.

Since the Army will be unable to require men to contribute to the benefit program, PREP will most likely die. The young troops who drop out of high school to join the Army are not going to take money out of their paychecks to go to school.

I understand that Department of Army has funds to conduct the remedial program (PREP). Since the military has usurped much of the authority by channeling program budgets through its offices for approval prior to V.A. review, it seems appropriate that Defense funds should pay for the instruction. I do not look forward to losing the autonomy PREP programs now have when we can refuse unsound educational practices requested by the military because we are not employed by them and have V.A. regulations to prohibit some practices.

AN EQUAL OPPORTUNITY INSTITUTION

Although my institution may not be selected as one of the Army's contract PREP institutions and although continual Army change, fluctuations in enrollments, and austere low bid budgets may produce a program which my institution will not want to be a part, military funding, in my opinion, is the only way PREP can meet the Army's needs and the troops' needs in a manner similar to its present operation.

Sincerely,

Margaret D. Smith

Margaret D. Smith, Coordinator
Fort Campbell Programs

MDS:jrm

DAVENPORT COLLEGE OF BUSINESS
415 EAST FULTON • GRAND RAPIDS, MICHIGAN 49502

September 8, 1976

The Honorable Mr. Hartke
United States Senate
313 Russell Senate Office Building
Washington, D. C. 20510

Dear Senator Hartke:

As President of Davenport College of Business, I feel it my duty and responsibility to respond to "The Hartke Amendment" No. 2005 to S.969. I see many inconsistencies in the mood and strategies of the different governmental departments and agencies.

In a series of regional workshops held during the first quarter of 1973, the Office of Education requested the help of colleges and universities to interest and motivate veterans to take advantage of their G.I. Bill of Rights and return to continue their education. "Congress does not make laws to be ignored" was the theme of these regional workshops. The participation rate in the Vietnam Era G.I. Bill in 1972 was an unbelievable 24 percent. This figure shows that on the other end of the scale 76 percent of the eligible veterans were not using their G.I. Bill benefits. This situation is one in which the Office of Education, the American Association of Community and Junior Colleges, and the American Legion proposed to take action as outlined in the publication of Vantage Point. With grants from the Office of Education, a 10 step Outreach Program was designed to increase the veterans' interest in their educational future. There is one point that really made these Outreach efforts work. The veterans who were separated between January 31, 1955 and May 31, 1966 were not eligible for G.I. Bill benefits at the time of their separation from active service. It was not until the inception of the Vietnam Era G.I. Bill of 1966 that they were entitled to any educational benefits. The eligibility of the "back-log" (Post-Korea, Pre-Vietnam) veteran was never extensively publicized with the end result being millions of veterans who were eligible for G.I. Bill benefits but did not know of their eligibility. The Outreach efforts revealed that veterans were more than happy to utilize the educational opportunities available once they learned of their eligibility. The three years of the Outreach effort has produced a rise in the participation rate to, in April 1976, 59 percent. Was the Outreach effort a success? I think so.

The "Hartke Amendment No. 2005 to S.969 or the Veterans Education and Employment Assistance Act of 1976 is endangering the success of the "Outreach effort." Certain provisions contained in the "Hartke Amendment" would handcuff public and private colleges and universities in their organization and administration of Veterans Educational Programs. My specific objections are: 1) the 85-15 percent ratio restrictions (Sec. 206), 2) the restriction on locations of branch schools (Sec. 509), 3) the time periods in which students must finish programs (Sec. 207 and Sec. 307), and 4) the restrictions on the attorney-in-fact check assignments. (Sec. 701).

First, the 85-15 percent ratio (Sec. 206) limitations in "certain" approved courses of students receiving V.A. benefits or other Federal grants runs contradictory to the goals that were first promulgated by the Office of Education in the 10 step Outreach Program seminar on "Congress does not make laws to be ignored." The theme of that meeting was to involve colleges and universities in the educational futures of millions of veterans. The Office of Education encouraged the initiation of "special needs" programs to permit the entry of veterans who were unable to attend the traditional full time day school. The abolishment of such programs will leave a gaping hole in modern education. The rising cost of education almost demands the student to seek some form of financial aid. To place a restriction of the percentage of students receiving benefits is discriminatory.

Second (Sec. 509), the regulations on the locations of branch campuses and extensions are discriminatory against private educational institutions. Private educational institutions would be prohibited from expanding their educational services and facilities outside their geographic boundaries. If there is a need for higher education in an area outside the "normal community" distance from the institution this section of the proposed law would make it impossible to serve that community or area by a private school. Tax supported institutions would be exempt outside of their taxing area. Education should not be so tightly bound that it could not serve the community.

Third (Sec. 207 and 307), the restriction and regulations of the time periods to finish a prescribed course of instruction are most unacceptable to the average adult student. The bachelor's degree is universally thought of as a four year degree. Sections 207 and 307 would require that a veteran student must maintain 15 hours of credit per semester and no less to qualify his enrollment as progressing satisfactorily. If a student is attempting a degree on a part-time basis under no circumstances would his progress be considered satisfactory. These sections of the "Hartke Amendment" would eliminate the trend of continuing education among veterans.

Fourth and finally, (Sec. 701) the regulation that prohibits check assignment to an attorney-in-fact for the purpose of receiving and executing a power of attorney is a violation of the privacy of the veteran student. The attorney-in-fact and power of attorney assignment is made available for the convenience of the veteran student. This type of service can be an aid in reducing overpayments by the Veterans Administration. If the school or training establishment holds the power of attorney and the attorney-in-fact assignments to receive and negotiate the education assistance checks it could serve as one more check on whether or not the student is actually in school and whether he or she is entitl to the Veterans Administration payment. This service could be an aid the administration of V.A. educational benefits and should not be eliminated.

The remainder of the "Hartke Amendment" contains desirable elements needed to upgrade the current G.I. Bill of Rights but it seems that the present Ford Administration and the Veterans Administration is bent on making it increasingly difficult for veterans to utilize their entitlement. Is the G.I. Bill too successful for the budgetary limitations of the V.A. and the Ford Administration? If so, then please say so! Don't tie the hands of the colleges and universities of America in their efforts to serve the veterans.

Thank you very much for your time and consideration of my views.

Respectfully,

Robert W. Sneden

Robert W. Sneden
President
Davenport College of Business

MAILGRAM SERVICE CENTER
MIDDLETOWN, VA. 22645

western union Mailgram

2-048406E258 09/14/76 ICS IPMBNGZ CSP WSHB
8167654900 MGM TDBN KANSAS CITY MO 468 09-14 0432P EST

SENATOR VANCE HARTKE
ROOM 414 RUSSELL OFFICE BLDG
WASHINGTON DC 20510

SEP 1976

YOUR INVALUABLE ASSISTANCE TO VETERANS OVER THE YEARS IS CLEARLY A MATTER OF RECORD. THROUGH YOUR INITIATIVE, COUNTLESS VETERANS HAVE REALIZED THEIR EDUCATIONAL AND VOCATIONAL GOALS. I HAVE ANXIOUSLY AWAITED YOUR COMPREHENSIVE SENATE BILL 969, AND WISH NOW TO RELAY TO YOU MY SENTIMENTS ON VARIOUS PROVISIONS THEREIN.

SENATE BILL 969 AS AMENDED CONTAINS VARIOUS PROVISIONS WHICH WOULD PROVIDE MUCH NEEDED ASSISTANCE AND SUPPORT FOR STUDENT VETERANS AND FOR OUR NATIONS EDUCATIONAL COMMUNITY. THESE INCLUDE THE COST OF LIVING INCREASES AND THE DELETION OF THE UNDERGRADUATE RESTRICTION ON THE 9 MONTH ENTITLEMENT EXTENSION. HOWEVER, THE SECTION CITED BELOW WOULD, IF ENACTED, BE DETRIMENTAL TO A VAST MAJORITY OF THE STUDENT VETERANS AND THE EDUCATIONAL COMMUNITY. THEREFORE, I URGE YOU TO SUPPORT THE FOLLOWING ACTIONS: DELETE SECTION 206, THIS SECTION DOES NOT PERTAIN TO ACADEMIC JUSTIFICATIONS FOR COLLEGES AND UNIVERSITIES. TO IMPOSE SUCH QUOTAS IS UNREALISTIC. THE RELATIVE PERCENTAGE OF ENROLLMENT OF FEDERALLY AIDED STUDENTS HAS NO RELATIONSHIP TO COURSE QUALITY. DELETE SECTIONS 207 AND 307. DETERMINING THE VALIDITY OF ANY TEMPORARY INTERRUPTION OF PROGRAM PURSUIT MUST REMAIN WITH THE VETERAN, NOT WITH THE VA. DELETE SECTION 208. THIS SECTION ALARMINGLY OVERLOOKS THE PURPOSE OF INDEPENDENT STUDY, WHICH IS TO PROVIDE THE OPPORTUNITY TO PURSUE AN EDUCATIONAL PROGRAM MORE IN DEPTH THAN A CLASSROOM ALLOWS. DELETE SECTION 507, THIS SECTION WOULD RESULT IN MULTIPLE INTERPRETATIONS AND UNREASONABLE REQUIREMENTS THAT RESULTED IN MANY CASES WHEN THESE PROVISIONS WERE EMBODIED IN THE RULES AND REGULATIONS GOVERNING THE G I BILL. INCREASE SECTION 508. PROPOSED INCREASE HEREIN IS WELL FOUNDED, BUT IT FALLS FAR SHORT OF NEEDED MONIES FOR THE DEFRAYING OF AN INSTITUTIONS ADMINISTRATIVE COST FOR VA REQUIREMENTS OF REPORTING AND RECORD KEEPING. DELETE SECTION 509. THIS SECTION WOULD ONLY SERVE TO RESTRICT EDUCATIONAL OPPORTUNITIES FOR VETERANS IN THEIR COMMUNITY. INCREASE SECTION 503. ADEQUATE AND REASONABLE FUNDING FOR STATE APPROVING AGENCIES SHOULD RESULT IN A VASTLY IMPROVED MONITORING OF VETERANS APPROVED EDUCATIONAL OPPORTUNITIES. INDEED, THE STATE APPROVING AGENCY EXISTS FOR THIS PURPOSE, YET THEY REMAIN WILFULLY UNDERFUNDED AND UNDERSTAFFED. THE EDUCATIONAL INTEGRITY OF THE G I BILL MUST BE MAINTAINED AND ABUSE MUST BE AVOIDED. IN ORDER TO ACCOMPLISH THESE ENDS, RESPONSIBLE AND COMPREHENSIVE STEPS ARE NEEDED. IF THE PROVISIONS CITED ABOVE FOR DELETION WERE PROPOSED TO INSURE EDUCATIONAL INTEGRITY AND PREVENT ABUSE, IT IS IMPORTANT TO NOTE THAT THEY WOULD IN

FACT DO NEITHER, THEY WOULD, HOWEVER, SERVE TO PARTIALLY RESTRICT MANY WORTHWHILE EDUCATIONAL OPPORTUNITIES FOR VETERANS. I DEEPLY APPRECIATE YOUR ATTENTION TO THE PROVISIONS OF S. 969 CITED ABOVE, AND URGE YOUR ACTION ON THIS. IF I CAN PROVIDE ANY ADDITIONAL INFORMATION OR ASSISTANCE TO YOU ON THIS MATTER, PLEASE DO NOT HESITATE TO NOTIFY ME, RESPECTFULLY,

JAMES T DEAL
DIRECTOR
VETERANS AFFAIRS
NATIONAL COLLEGE OF BUSINESS
BOX 1780
RAPID CITY SD 57701

16:50 EST

MGMCOMP MGM

Thomas Nelson Community College
P. O. Box 9407 • Hampton, Virginia 23670
Phone (804) 826-4800

Office of the President

[illegible] 1976

September 15, 1976

The Honorable Vance Hartke
Chairman, Committee on Veterans Affairs
United States Senate
Washington, D. C. 20510

Dear Senator Hartke:

I am writing to convey comments on Amendment 2005, which you and Senator Stafford have proposed to S. 969, relating to the G.I. Bill. The following comments are made on behalf of the faculty, staff and students of Thomas Nelson Community College (TNCC).

We would prefer that the G.I. Bill be continued as it is. For the 1975-76 academic year, the veteran enrollment at TNCC was 2,100, which was 46% of our total enrollment. For the same year, the college's PREP enrollment was 466, which was 10% of the total enrollment. Therefore, it becomes very clear why we would like to indicate support for some of the features of the bill, as well as register some serious concerns about certain changes that it would bring about in the present law.

For example, Chapter 32 creates a new veterans education program which places a considerable greater financial responsibility upon the serviceman and provides smaller benefits. The serviceman contributes one-third of the funds; the maximum after separation is $225 a month for up to 36 months, compared to $270 for a single person for 36 months under the present law, and $292 for 45 months under S. 969. There is no additional allowance for a spouse or children, as in the present law.

We suggest that the serviceman's contribution be matched three to one rather than two to one while in service, which would maintain benefits at approximately the present level. In addition, we would strongly urge that the Secretary of Defense approve a Defense Department contribution to the plan, as the bill authorizes him to do, in order to make the benefits more attractive.

We applaud the provision which would extend benefits from 36 to 45 months and raise benefit levels.... We also strongly support the continuation of PREP which has helped hundreds of servicemen and women from disadvantaged backgrounds in the Tidewater Virginia area and some 350,000 nationwide. The PREP program is an enormously useful program which would be ended by the House-passed Veterans Bill. Another desirable feature is the increase in the amounts available from the loan program.

We also have strong objections for the bill's extension of the 85-15 rule, which would impose burdensome record-keeping requirements on the college's already over-burdened staff. In addition, it would extend the oversight of the Veterans Committees of Congress and the Veterans Administration to programs within the jurisdiction of the education committees and the U.S. Office of Education.

We appreciate the opportunity to convey to you and your committee our objections and support for these provisions and our suggestions for changes.

Sincerely,

G. O. Cannon
G. O. Cannon
President

GOC/jmb

ARMY EDUCATION CENTER
Larson Bks., Kitzingen
APO New York 09701

AETSWRZ-K-AB

22 September 1976

VETERANS' AFF
RECEIVED
SEP 29 19
WASHINGTON, D.C.

Honorable Vance Hartke
Chairman of Committee on Veteran's Affair's
U.S. Senate
Washington, D.C. 20510

Dear Senator Hartke,

Please add my support to Amendment #2005 to S. 969 "Veterans Education and Employment Assistance Act of 1976," particularly that portion pertaining to the continuance of the PREP program. I recently completed a doctoral dissertation at the University of Southern California entitled "Relationship of a High School Diploma in USDESEA Pre-Discharge Education Program to Army Performance," which clearly showed the value of the high school PREP program.

I am enclosing a brochure which includes an extract of the dissertation. Should your Committee desire a copy of the dissertation, I would be happy to provide a Xerox copy.

Sincerely

Earl E Persons

ERNEST E. PERSONEUS
Education Services Officer

UNIVERSITY OF SOUTHERN CALIFORNIA
SCHOOL OF EDUCATION

FINAL ORAL EXAMINATION

OF

ERNEST ELLSWORTH PERSONEUS
SYRACUSE UNIVERSITY
B.A., 1950; M.A., 1951

FOR THE DEGREE OF

DOCTOR OF EDUCATION

Friday, June 18, 1976, 9:00 A.M.
United States Dependents Schools, European Area
Heidelberg, Germany

COMMITTEE ON STUDIES
Professor Stallings, *Chairman*
Professor Smith
Professor Georgiades

OUTLINE OF GRADUATE PROFESSIONAL STUDIES

Administration and Supervision

Organization and Administration of Public Education	Avery
Legal Aspects of School Administration	Avery
Readings in Educational Administration and Supervision	Stallings
Seminar in School Organization and Administration	Avery
School District Personnel Administration	Murdy
School Administration and the Community	De Silva
Seminar in School Business Administration	Stallings
Critique of Research in Educational Administration and Supervision	Stallings
Dissertation	Stallings

Curriculum and Instruction

Curriculum Planning in Secondary Schools	Georgiades
Seminar in Secondary School Curriculum	Georgiades
Evaluation of Educational Programs	Udinsky
Seminar in Curricular Innovations	Georgiades

Social and Philosophical Foundations

Philosophies of Education	O'Neill
Education in Europe	O'Neill
Advanced Sociology of Education	Brackenbury

Educational Psychology

Contemporary Psychology in Education	Mandell
Educational Statistics I	Smith
Research Methods in Education	Smith

DISSERTATION

RELATIONSHIP OF A HIGH SCHOOL DIPLOMA IN USDESEA PRE-DISCHARGE EDUCATION PROGRAM TO ARMY PERFORMANCE

Purpose. The purpose of this study was to determine the relationship of high school diploma attainment in United States Dependents Schools, European Area (USDESEA) Pre-discharge education program (PREP) to performance of soldiers at the end of their first term of Army enlistment.

Procedure. Research of the literature was pursued in terms of high school dropouts and their characteristics. The need for dropout self-concept enhancement was noted with work-study programs helpful in this regard. Army-conducted research was shown to be related to the development of dropout self-concept and effectiveness for some categories of soldiers.

Army performance criteria were selected from the requirements for reenlistment for a second term of service, specified by Army regulation. These were grade level attained, Military Occupational Specialty Evaluation score, disciplinary infractions, General Technical score of the Army Classification Battery. Additional descriptive variables of race, home region, Armed Forces Qualification Test score, and marital status were selected for comparative purposes. Reenlistment eligibility and actual reenlistment were also used to provide an overall measure of Army performance.

Soldiers who attained a USDESEA PREP high school diploma after entry into the Army were compared with three other groups: (1) soldiers who entered the Army as high school graduates and remained high school graduates or had some college; (2) soldiers who were non-high school graduates at entry and then attained GED equivalency; (3) soldiers who were non-high school graduates at entry and were still non-high school graduates at the end of their term of enlistment.

Findings. The principal results were: (1) there was a difference in the four groups in grade level attained and GT score of the Army Classification Battery; (2) there was no difference in the four groups in MOS Evaluation score and disciplinary infractions; (3) there was a difference in the four groups in race, home region, and AFQT score; there was no difference in marital status; (4) there was a difference in reenlistment in the four groups.

Conclusions. From the findings, the following conclusions were formulated: (1) attainment of grade up to E-4 was not related to high school educational level but attainment of E-5 required high school educational level; (2) the PREP graduate equaled the high school graduate at entry and the GED equivalency attainer in Army performance, although starting from behind in terms of aptitude as shown on the AFQT and the GT score of the ACB; (3) the PREP graduate and the GED equivalency attainer reenlisted for second terms in the Army to a much greater extent than did the high school and non-high school groups; (4) the PREP graduate and GED equivalency attainers develop a favorable attitude toward the Army as a result of a high school diploma or equivalency while in the Army; (5) the AFQT and the GT score of the ACB provided good indications of high school level achievement in the Army.

Recommendations. The following recommendations were offered: (1) The Army should continue to recruit the dropout, non-high school graduate on a selective basis. (2) The Army should continue to offer the opportunity for non-high school graduates to attain the high school diploma after enlistment in the Army. (3) The methods and conditions which PREP employs — small class size, individual needs emphasis, credit/no credit grading system, evaluation based on behavioral competencies — should be continued and expanded in Army education programs. (4) The Army should make known the benefits and advantages of the PREP program both to Commanders and Supervisors within the Army and to civilian agencies likely to be concerned. (5) Further research on the PREP program to determine the attitudinal and self-concept values of the program is needed.

ERNEST ELLSWORTH PERSONEUS

1924	Born in Hagaman, New York
1941	Graduated from W.H. Lynch High School, Amsterdam, New York
1950	B.A., Syracuse University, Syracuse, New York
1951	M.A., Syracuse University
1951-70	Personnel Staff Officer, United States Air Force
1970-71	Research Associate, Human Resources Research Organization, Alexandria, Virginia
1971-73	Counselor, Project Transition, U.S. Army, Wurzburg, West Germany
1972-	Lecturer, Sociology, University of Maryland, College Park, Maryland
1973-76	Graduate Student, University of Southern California, Los Angeles, California
1973-	Education Services Officer, U.S. Army, Kitzingen, West Germany

RICHARD K BROWN MM
22604 B NADINE CIRCLE
TORRANCE CA 90505

western union Mailgram

2-023179E274 09/30/76 ICS IPMRNCZ CSP WSHB
2137466818 MGM TORN LOS ANGELES CA 200 09-30 11[illegible] EST

VETERANS' AFFAIRS COMM.
RECEIVED
OCT 03 1976
WASHINGTON, D.C. 20510

SENATOR HARTKE
US SENATE
WASHINGTON DC 20510

THE MEMBERS OF NAIMES WOULD LIKE TO CONVEY TO YOU AND YOUR COMMITTEE THEIR APPRECIATION FOR YOUR EFFORTS ON BEHALF OF THE VETERANS AND SERVICEMEN, WE APPLAUD THE INCREASED BENEFITS TO VETERANS UNDER EDUCATION PROGRAMS IN PROGRESS; EXTENDED BENEFITS FROM 36-45 MONTHS; CONTINUANCE OF THE PREP PROGRAM, AND INCREASE IN EDUCATIONAL LOANS. THESE ARE ALL VERY POSITIVE, WE BELIEVE, HOWEVER, THAT TERMINATION OF PRESENT ELIGIBILITY FOR BENEFITS OF CHAPTER 4 WILL BE DETRIMENTAL AND IMPACT ADVERSELY ON MILITARY RECRUITMENT, THE EDUCATIONAL PROGRAM, THE INDIVIDUAL INSTITUTION AND THE SOCIETY AT LARGE. WE DO NOT BELIEVE THE SUBSTITUTE POST'VIETNAM AIR READJUSTMENT ASWISTANT PROGRAM IN ITS PRESENT FORM WILL ATTRACT SUFFICIENT PARTICIPATION, WE ALSO STRONGLY OPPOSE THE PROVISIONS OF TITLE 7 WHICH PROHIBITS THE STUDENTS FROM USING THE POWER OF ATTORNEY. THE INSTITUTION AND THE INDIVIDUAL WILL SUFFER BECAUSE OF LONG DELAYS IN VA REIMBURSEMENT TO THE STUDENT, WE URGE YOU THEREFORE TO SERIOUSLY CONSIDER THE MODIFICATION OF THE PRESENT BILL IN LIGHT OF THE IMPLICATIONS ABOVE, SINCERELY,

RICHARD K BROWN PRESIDENT NATIONAL ASSOCIATION OF INSTITUTIONS FOR MILITARY EDUCATION SERVICES

11:48 EST

MGMCOMP MGM

National Black Veteran Organization Inc.
1010 Vermont Ave., N.W., Suite 718 Washington, D.C. 20005
(202) 638-2399

Mr. Jack Wicks,
Associate General Counsel
Veterans' Affairs Committee
Russell Bldg. - Suite 414
Washington, D.C. 20510

Dear Mr. Wicks,

Pursuant to our conversation I am forwarding to your office our recommendations and suggestions concerning S.969.

Recommendations:

1. Non-profit and veteran service organizations should be allowed to sponsor Educational Trust Funds and Educational Insurance Programs -- for disadvantaged veterans. The program should be eligible for the two for one dollar match as provided for in chapter 32, subchapter 2, section 1622, part B of Title 38 United States code.

2. The minimum contribution by a participant should be lowered to $25 per month. Further, the total maximum contribution amount should be increased to $3,600.

Finally, we suggest that the language of this legislation include all veteran organizations for eligibility in administering the programs.

We are looking forward to hearing from you and stand ready to assist.

Sincerely yours,

Richard N Hamilton

Richard N. Hamilton,
Executive Director

cjh

Aaron E. Henry .... Chairman of the Board
Robert C. Penn .... National President
Richard N. Hamilton .... Executive Director
W. Paul Taylor .... Secretary Treasurer

[Subsequently, the following materials concerning Flight Training was ordered placed in the record at this point:]

THE LIBRARY OF CONGRESS
Congressional Research Service

WASHINGTON, D.C. 20540

LEGISLATIVE HISTORY OF FLIGHT TRAINING UNDER THE GI BILL

The World War II GI Bill (Public Law 78-346) as originally enacted, did not authorize payment in excess of the rate of $500 for an ordinary school year, or $0.588 per hour. Charges made by flight schools for instruction in light planes ranged from $6 to $12 per hour. Thus, under the original law if a veteran elected to pursue a flight training course he was required to pay personally the difference between the hourly charge of $6 to $12 and the $0.588 maximum that the law authorized the Veterans Administration to pay on his behalf. Therefore, prior to the amendment of Public Law 78-346 by Public Law 79-268, the number of veterans entering flight training could be accomodated by the relatively small number of flight schools in existence at the beginning of the veterans' training program.

After P.L. 79-268 removed the ceiling of $500 for an ordinary school year, there was an immediate increase in the number of flight schools throughout the country and a marked increase in the number of veterans electing to pursue flight training courses. In many cases, it was alleged that veterans were pursuing these courses for avocational and recreational purposes with a resultant high cost to the Federal Government. This situation was recognized by Congress, and on June 30, 1948, Public Law 80-862 was enacted which prohibited the Veterans Administration from awarding benefits to veterans where the Administrator determined the course to be for avocational or recreational purposes.

As a result of the action taken by the Administrator under the authority of P.L. 80-862, there was a marked decline in veteran enrollment in schools offering courses which could be avocational or recreational in character. By example, veteran enrollment in flight training, which had increased from 70,772 in November 1946 to 124,249 in November 1947, declined to 30,950, as of October 31, 1949.[1]

Flight training under the Korean Conflict GI Bill (Public Law 82-550) was covered under section 242 (g). Such allowance was computed at the rate of 75% of the charges required to be paid by similarly circumstanced non-veterans enrolled in the same flight course. A veteran whose program of education or training consisted of flight training and other education or training was able, in addition to the allowance for flight training, to receive the allowance prescribed for the other education or training. If the veteran's training consisted exclusively of flight training he was not able to receive an allowance under any other provision of the act. Under this subsection, the period of entitlement of every veteran pursuing flight training was reduced by 1 day for each $1.25 which was paid to the veteran as an education and training allowance for his flight-training course. This reduction to his entitlement was in addition to any other charge against entitlement made on account of other education or training taken by the veteran; for example, this allowed a veteran to pursue a full-time course in aeronautical engineering in a college and to take flight training as a required part of that course (provided that the flight course was an approved part of the veteran's education and training program), but this entitlement was charged both for the full-time course of aeronautical engineering and 1 day for each $1.25 which the veteran was paid as an education and training allowance for the flight course. These payments were made on a monthly basis upon certification to the VA by the veteran and the institution as to the actual flight training received. According to the House Report on P.L. 82-550 (H. Rept. 82-1942): "...The provisions of this section which make it possible for a veteran to pursue flight training under certain circumstances are in no way intended to set aside the concept of the program of education or training defined in section 201 [section 201 (3) defined the term "program of education or training" as any single unit course or subject, any curriculum, or any combination of unit courses or subjects, which is generally accepted as necessary to fulfill requirements for the attainment of a predetermined and identified educational, professional, or vocational objective]..."

---

[1] Report on education and training under the servicemen's readjustment act, as amended, from the Administrator of Veterans Affairs, House Veterans Affairs Committee Print 210, 81st Congress, 2d session.

Under the original Cold War GI Bill (P.L. 89-358) there were no provisions for flight training, however, they were added by amendments made by P.L. 90-77, section 302 (b). The VA report on H.R. 1382 on this particular section is as follows:

> "...Our experience in the administration of flight training programs under previous laws has not been satisfactory. One of the primary objections to the inclusion of flight training in a readjustment education program is that a considerable amount of such training was found to be of an avocational or recreational nature. In order for a flight training course to be approved under the Korean Conflict GI bill, it had to lead to a predetermined and identified objective. The objective of becoming a commercial pilot was the first that could be attained in flight training which was recognized as an employment objective in the industry. However, since a private pilot course is an integral part of a commercial pilot course, veterans could, if they chose, complete only that phase of their authorized commercial pilot course. Under such

> circumstances, the flight training pursued would, in effect, be purely avocational or recreational in nature. Thus, without some change in the program to insure its educational effectiveness, we cannot recommend legislation which would provide such training in a manner identical to that provided under the Korean GI bill.
>
> In view of the general interest which has been expressed with respect to flight training, we believe the question of whether a sound program can be developed, warrants study. In the President's January 31 message to the Congress relating to 'America's Servicemen and Veterans,' (in addition to his specific recommendations), he stated he was directing the Administrator of Veterans' Affairs, in consultation with leading veterans' groups, to conduct a comprehensive study of the compensation, pension, and benefits system for veterans, their families and survivors. This study group was directed to recommend to him, by January 1968, proposals 'to assure that our tax dollars are being utilized most wisely and that our Government is meeting fully its responsibilities to all those to whom we owe so much.' Pursuant to this mandate, we are including as a segment of this overall study, a study concerning the propriety of providing flight training for post-Korean conflict veterans. The necessity or desirability of paying a reporting allowance to educational institutions under the new educational program will also be considered.
>
> Under these circumstances, you will appreciate that I am not in a position to make specific recommendations with respect to the merits of the last two mentioned proposals at this time and I, therefore, urge that your Committee withhold action with respect to those matters until the presidentially-directed study is completed."2/

The provisions for flight training enacted by P.L. 90-77 were as follows:

FLIGHT TRAINING

> Sec. 302. (a) Section 1673 (b) of title 38, United States Code, is amended to read as follows:
>
> "(b) Except as provided in section 1677 of this title, the Administrator shall not approve the enrollment of an eligible veteran in any course of flight training other than one given by an educational institution of higher learning for credit toward a standard college degree the eligible veteran is seeking."

2/ U.S. Congress. House Veterans Affairs Committee Print No. 37, 90th Congress.

> (b) Subchapter III of chapter 34, United States Code, is amended by adding at the end thereof a new section as follows:
>
> "Sec. 1677. Flight training
>
> "(a) The Administrator may approve the pursuit by an eligible veteran of flight training generally accepted as necessary for the attainment of a recognized vocational objective in the field of aviation, subject to the following conditions:
>
> "(1) the eligible veteran must possess a valid private pilot's license or must have satisfactorily completed the number of hours of flight training instruction required for a private pilot's license, and meet the medical requirements necessary for a commercial pilot's license; and
>
> "(2) the flight school courses must meet the Federal Aviation Administration standards and be approved both by that Agency and the appropriate State approving agency.
>
> "(b) Each eligible veteran who is pursuing a program of education consisting exclusively of flight training approved as meeting the requirements of subsection (a) hereof, shall be paid an educational assistance allowance to be computed at the rate of 90 per centum of the established charges for tuition and fees which similarly circumstanced nonveterans enrolled in the same flight course are required to pay. Such allowance shall be paid quarterly upon receipt of a certification from the eligible veteran and the institution as to actual flight training received by, and the cost thereof to, the veteran during such quarter. In each such case the eligible veteran's period of entitlement shall be charged with one month for each $130 which is paid to the veteran as an educational assistance allowance for such course." (underscoring supplied) [17]

In part, the recommendations of the Veterans Administration were carried out in Public Law 90-631, section 5, which amended the second sentence of 1677 (b) (quoted above) to read as follows: "Such allowance shall be paid monthly upon receipt of a certification from the eligible veteran and the institution as to the actual flight training received by, and the cost thereof to, the veteran during such month."

We were unable to find any discussion of this amendment in either the House or Senate Reports on H.R. 16025.

Public Law 91-219 section 102 increased the amount payable from $130 monthly to $175. However, the Veterans Administration responded to a request for a report on another education bill, and commented extensively on the flight training program as follows:

> "...Section 1677 (a)(1) of title 38 currently provides that a veteran may be enrolled in a course of flight training when he either possesses a private pilot's license or has satisfactorily completed the number of hours of flight training instruction required for a private pilot's license. Federal Aviation Administration regulations generally provide for completion of 40 hours of instruction for issuance of a private pilot's license. There is no standard among the various flight schools as to the composition of the courses to be taken and of the mix of the amount of ground training and of flight instruction and experience. It has been reported to us by many State approving agencies that, in most cases, those who have qualified for commercial pilot's training with only having fulfilled the requirement of the equivalent in instruction time were generally not as well trained or as well qualified as those possessing private pilot's licenses. As a result, flight schools often have to request exceptions to their established programs to extend the commercial training time so that the less qualified could be given additional training. The proposed amendment to this section would eliminate students from taking training based on qualifying by equivalent hours of training. Requiring a private pilot's license as a condition to enrollment as an eligible veteran should improve the safety factor. This is true because individuals issued a private pilot's license have had that quality and variety of flight training that was necessary in their individual case to permit them to pass a test evidencing a minimum level of competency. We are advised by the Federal Aviation Administration that in their most recent survey they found the average number of hours of flight training taken by individuals passing a private pilot's

> test was 66 hours. Forty hours of flight training with no requirement for a proper mix in the type of instruction, for instance cross country, usually will not equip an individual to pilot a plane with a minimum level of competency. With 66 hours the average for those able to meet Federal Aviation Administration standards and 40 hours the minimum required before testing, it can be seen that there are many who will require twice the minimum number of 40 hours to reach a safe proficiency level.
>
> Any need for an equivalency in flight hours would seem to have served its purpose at this point in time. When the provision for vocational flight training was enacted, there were a large number of veterans who had been discharged with service since February 1, 1955, some of whom may have had a considerable amount of flight training instruction without having reduced their learning to a private pilot's license. The time intervening since this benefit was made available on October 1, 1967, has permitted these individuals interested in pursuing commercial flight training to enter and begin their flight training. Newcomers to the group of eligibles could be expected to have fewer hours of training and thus need the discipline of a prescribed course and the sanction of demonstrated ability to pass a test establishing a minimum level of competency..."[3]

Public Law 92-540 again increased the allowance from $175 to $220 and struck out all after the word "certification" (as amended by P.L. 90-631 and quoted on page 5) down to the period and inserted in lieu "as required by section 1681 (c) of this title." This amendment was contained in the Senate amendment to H.R. 12828, but there was no discussion of this provision in the Senate Report or in the House consideration on the Floor.

The rates were again increased by Public Law 93-508, section 102 from $220 to $260 and then by Public Law 93-602, section 203 (a) which raised the rates to $270.

---

[3] U.S. Congress. House Veterans Affairs Committee Print No. 19, VA Report on H.R. 6798, 91st Congress.

We have been unable to find any references to the legislative history of flight training in the bills from the 93rd Congress in the form of agency reports or committee prints.

Ilona N. Rashkow
Education and Public Welfare Division
July 14, 1976

SIKORSKY AIRCRAFT
DIVISION OF UNITED TECHNOLOGIES
STRATFORD, CONNECTICUT 06602

GERALD J. TOBIAS
PRESIDENT

June 9, 1976

The Honorable Vance Hartke
United States Senate
Washington, D. C. 20510

Dear Senator Hartke:

I understand Senate Bill 3109 has been introduced proposing a reduction in veterans' educational benefits. This bill would eliminate flight training and correspondence courses as educational benefits. Such legislation should be opposed on the grounds that a veteran has earned these readjustment educational benefits and should have the right to select the type of training best suited to achieve his civilian employment objectives.

The Aviation Forecasts, FY 1976 - 1987, prepared by the Federal Aviation Administration predicts a substantial growth within the aviation industry over the next decade. This growth will create many employment opportunities for well-trained and qualified people. As an example, the number of active pilots is expected to increase from 730,540 in 1975 to 1,001,200 in 1980, or a 37% increase over the next five years. The elimination of flight training as an educational benefit could slow the growth of employment opportunities within the industry and will have a serious impact on aircraft operating safety. The active aircraft fleet in the United States numbered 184,025 in 1975 according to Federal Aviation Administration records. Of this number, general aviation accounted for 161,942 aircraft. The air carriers and military accounted for 1% and 11% of the total fleet, respectively. Total hours flown in 1975 were 45,020,000. Hours flown by general aviation were 32,414,400. The military and commercial air carriers accounted for 15% and 14%, respectively, of total hours flown in 1975.

The general aviation fleet is composed of those aircraft used by corporations to transport employees and supplies; commercial aircraft involved in the transportation of personnel and equipment of other organizations; aircraft operated by flight training institutions which provide basic and advance pilot training; and aircraft owned by individuals for personal use.

Government forecasts for 1987 predict the size of the U. S. active fleet to number 279,844 aircraft and will fly 76,450,000 hours. General aviation aircraft are predicted to number 257,456 aircraft and fly 60,395,500 hours. In contrast, the number of military aircraft is expected to decline slightly. This is an indication that the number of military trained pilots seeking civilian employment within general aviation will also decline.

Many pilots employed in general aviation have used their veterans' educational benefits to offset the cost of initial and advance flight training. Former military pilots now employed within general aviation have also used their veterans' educational benefits to upgrade skill levels and acquire additional pilot ratings, thereby improving their employment opportunities.

The flight training educational benefits will have a greater significance in the future since the number of pilots undergoing training in the military and the number of pilots leaving military service have decreased during the past several years and the need for pilots in general aviation is expected to increase. The expected increase in commercial helicopter operations in general aviation is a good example of this point. During the past decade, the helicopter's unique operating capability has proven to be a fast and efficient means of transporting personnel and equipment in the development of our natural resources. During the same period, corporate aviation has recognized the efficiencies provided by the helicopter as a means of employee transportation. The type of helicopter used in these applications were normally flown by a single pilot, under visual flight conditions over relatively short distances.

Over the next decade, the type of helicopters used in these applications will be predominantly those aircraft flown by two pilots over medium distances and capable of flying under instrument conditions. We expect the size of the helicopter fleet supporting these two applications to increase by 98% over the next decade.

Veterans will be able to improve their employment opportunities by using the educational benefits to acquire helicopter and/or instrument flight ratings.

Very truly yours,

G. J. Tobias
President

GJT:jcd

cc: Mr. C. MacGregor

AIR TAXI & COMMERCIAL PILOTS ASSOCIATION
FOUNDED 1974

POLICY P.O. Box 4412 • Washington, D.C. 20017
SERVING AIR TAXI AND COMMERCIAL PILOTS THROUGHOUT THE WORLD

July 16, 1976

Senate Committee on Veterans Affairs
414 Russell Senate Office Building
Washington, DC 20510
Attn: Senator Hartke
Mr. Guy McMichael

This letter is forewarded in support of amendments to veterans assistance programs which permit veterans to receive flight training. We support S-969, Amendment 2005 (Sec. 205, Title II) which would eliminate flight training benefits.

Our support arises from two basic areas of concern:

1. Abuses of benefit programs in flight training have been widely publicized (News American, Baltimore, 1975). It is well known in the industry that such abuses exist in two areas:
    a) Aircraft are being purchased partially with VA assistance: The veteran purchases an aircraft from the flight school or other dealer, leases his aircraft back to the flight school, enrolls in training, and thence utilizes VA money to rent back his own aircraft for his own training and the training of other veterans. The veteran is being paid by the VA to rent his own aircraft. This Accounts for about two-thirds of his training cost; the plane is paid for by the VA after 500 hours of total rental time which generally occurs after a year.
    b) Aircraft are being rented by veterans for pleasure flying (ie: Bahamas, etc.). These long trips with families, etc. are called "cross country training flights as required by 14 CFR 61.". It is apparent from this practice and the state of the commercial aviation job market that a great number of these veterans have no intention of entering aviation as a pilot.

2. The pilot job market is oversaturated with commercial or airline transport pilot certificate holders. During 1974 FY only there were 25,304 pilots in training under VA assistance for commercial or airline transport pilot certificates. This one year training total is equivalent to the total number of commercial pilots in the entire airline (air carrier) industry. Airlines have had long layoff groups of pilots awaiting re-employment for the past several years, with little or no hope of hiring from the public at large in the future.

2.(con't)

During the period June 1, 1966 to June 30, 1974 there have been 114,252 pilots trained beyond the private pilot certificate and ratings under VA assistance. (Chapter 34). This number of trained pilots is estimated to be twice the total number of pilot jobs available throughout the country in all commercial aviation (airlines, commuters, air taxis, corporate, patrol, schools, etc). Federal Aviation Administration figures indicate that there are 189,269 certificated commercial pilots and 41,840 certificated airline transport pilots, a total of 231,109 employable pilots. ("Review of Federal Aviation Administration Activities," FY 1975). This represents more than four times the possible available jobs, or four times the total number of flying jobs in existence.

In addition to the above facts we are concerned that these problems are being ignored by the Veterans Administration. The Vietnam Era Veterans' Readjustment Assistance Act of 1974, Public Law 93-508, Section 105, specifically directs the Administrator of the VA to investigate and report any "difficulties and abuses being experienced in carrying out tuition assistance...... in flight training......". Notwithstanding this specific congressional direction no such investigation or report on flight training has been accomplished or is intended by the VA. The "Education Tuition Assistance Study" completed by the VA in November, 1975 in response to Section 105 of the Act, contains no reference to flight training as is specifically required by the Act. In addition there is evidence that there is little or no VA enforcement of Section 203 of the Act requiring employment verification of graduates. It is apparent that the voluntary, self-supplied reports required by DVB Circular 20-74-113 (Appendix B) and DVB Circular 22-74-6 are more often inaccurate and false than true figures of employment. It is also apparent that the Compliance Surveys prescribed by DVB Manual M-22-2 are not being conducted on flight schools as required or that they are ineffective in determining compliance.

In summary it is becoming quite obvious that flight training for veterans under the GI Bill does not provide the veteran with an opportunity for employment. Many veterans realize this too late and are left without the education he needs to become gainfully employed. Once benefits have been spent on flight training the veteran finds himself in worse condition than he would have been had he left the military without benefits. He is older, poorer, and without recent job experience. In most cases the flight trained veteran is less employable than he was at dischage.

Therefore we fully support the termination of flight training with government assistance at the earliest possible date.

Richard C. Barter
President

AIR LINE PILOTS ASSOCIATION
1625 MASSACHUSETTS AVENUE, N.W. ☐ WASHINGTON, D.C. 20036 ☐ (202) 797-4000

VETERANS' AFFAIRS COMM.
RECEIVED
AUG 02 1976
WASHINGTON, D.C. 20510

July 30, 1976

The Honorable Vance Hartke
United States Senate
313 Russell State Office Building
Washington, D. C. 20510

It has been brought to my attention that your Amendment No. 2005 to S-969 would terminate veterans flight training, effective October 1, 1976.

The veterans program assistance for flight training has provided opportunities for thousands who have airline careers today, as well as those who have utilized the program to upgrade their skills and gain higher ratings. The premature and arbitrary ending of this program would affect the future careers of thousands of veterans who are choosing or are currently flying in commercial aviation.

I understand your Amendment makes extensive and positive changes to our veterans program. Consequently, it is an extreme disappointment that flight training is to be terminated.

I would respectfully urge you to reconsider your position on this matter.

Sincerely,

JJ O'Donnell

J. J. O'Donnell, President

JJO'D:mh

SCHEDULE WITH SAFETY — AFFILIATED WITH AFL-CIO

AOPA

AIRCRAFT OWNERS AND PILOTS ASSOCIATION/WASHINGTON, D.C. 20014/Tel: (301) 654-0500/cable address: AOPA, Washington, D.C.

VETERANS' AFFAIRS
R
AUG 04 1976
WASHINGTON, D.C.

August 2, 1976

Senator Vance Hartke
313 Russell Senate Office Building
Washington, D.C. 20510

Dear Senator Hartke:

The Veterans' Affairs Committee, on which you serve, will shortly mark up S.969, the Veterans Education and Employment Assistance Act. Also under consideration will be Amendment No. 2005 which contains a provision, Section 205, to eliminate flight training as an educational program available under the Act.

AOPA, in behalf of its 185,000 members, strongly opposes deletion of the option of flight training as an educational benefit available to qualified veterans.

Since World War II countless veterans have found flight training a useful and rewarding educational experience. Some have obtained employment as professional pilots. Others have made use of the knowledge and skill in the pursuit of vocational endeavors where flying was an ancillary aid. It is apparent that opportunities for fruitful use of flying skills will increase in the future. The veteran should not be deprived of this option for enhancing his earning capabilities.

Opponents of flight training benefits have contended that veterans utilize such benefits for mainly recreational purposes. This contention fails to match with two facts. (1) To qualify for the training assistance the veteran must already possess a private pilot certificate and that is all that is necessary for purely recreational flying. (2) Seventy percent of the schools giving flight training retained eligibility despite a requirement to demonstrate that at least 50% of their graduates in the preceding two years have found training related jobs.

We urge you to vote against the termination of flight training as an optional benefit.

Cordially,

Robert E. Monroe

Robert E. Monroe, Vice President
Policy and Technical Planning

When writing ALWAYS use your AOPA number!

● Member: International Council of Aircraft Owner and Pilot Associations

NATA
NATIONAL
AIR
TRANSPORTATION
ASSOCIATIONS

August 2, 1976

Mr. Guy H. McMichael
General Counsel
Committee on Veterans' Affairs
United States Senate
411 Russell Senate Office Building
Washington, DC 20510

DELIVERED BY HAND

Dear Mr. McMichael:

On behalf of the industry which the National Air Transportation Associations, Inc., (NATA) represents, I wish to express a very strong opposition to the provision of Amendment No. 2005 to S.969, "Veterans Education and Employment Assistance Act of 1976", which terminates authority for new enrollments in flight training effective October 1, 1976.

NATA represents the interests of over three thousand Airport Service Operators (FBOs) nationwide. These are small businesses which operate the nations flight schools as well as support the operations of more than 714,000 certificated pilots and 153,000 civil aircraft serving air taxi, commuter airline, and in many cases, scheduled airline operations. FBOs show a labor force in excess of 150,000 full-time employees, or about two thirds of the entire general aviation industry.

The overall provisions of Amendment 2005 to S.969 appear to have been well thought out with the exception of terminating enrollments for flight training. Termination of these benefits is in direct contradiction to the title of the Bill, "...Employment Assistance Act...". Every other VA program provision cited extends, increases, improves, and expands benefits with the exception of flight training. This provision is a grave injustice for many reasons.

First of all, to deny the right of a veteran in the pursuit of his personal ambitions is a very prejudicial act on the part of Congress. There is no VA benefit program that has the high degree of educational and personal satisfaction as does flight training. It represents a logical, practical and timely means to new elements of transportation, communication, exploration, and economic development in the decades ahead, which will assure this country's continued world leadership in all facits of aviation.

As this association has expressed to the Veterans' Affairs Committee several times before, a VA flight training student must be highly motivated. To even be eligible for flight training benefits the veteran must first have obtained a private pilots

Letter to Mr. McMichael
Page 2
August 2, 1976

license with his or her own funds at an average cost of $1,300 and then pay 10 percent for the upgraded flight training courses. I dare say there are few, if any, VA educational programs which demand competency in accordance with federal laws (Federal Air Regulations) and so much from the veteran *before* any benefits are received. The termination of this program is highly unjust to the veteran who seeks a career in which aviation is his direct or ancillary cornerstone to becoming a successful taxpaying citizen.

The proponents of termination *cannot* justify the inference that the majority of flight training courses tend to serve avocational, recreational, and/or personal enrichment. Last year Public Law 93-508 mandated by Congress a survey of all flight schools to determine the *facts*. It was directed that at least 50 percent of graduates in the preceding two years had to be in training related jobs or the school would lose VA certification. After years of being maligned and demeaned, flight training was proven to be overwhelmingly successful and beneficial. The results were that 70 percent of the 1,499 flight schools surveyed retained eligibility and only 28 percent of the 7,637 individual flight courses failed to meet the 50 percent qualification. These are the facts as reported by the Veterans Administration. It clearly shows that the majority of Veterans who took flight training courses are employed in jobs which are beneficially related to it.

Proponents for termination have stated that "opportunities for employment in commercial aviation for flight school graduates are limited" because there are some furloughed pilots "who will be given preference in any hiring by the airlines". The commuter, air taxi, agricultural, corporate, and government pilots are professional commercial pilots by their own right. Employment opportunities in these areas are numerous.

A falicy of this proposal being included in this Amendment is that recently the Congress saw fit to authorize appropriations for the Veterans Administration which *included* the funds necessary to run the VA flight training program.

In conclusion, we believe that the provision in Amendment 2005 to S.969 to terminate the authority for new enrollments in flight training effective October 1, 1976 is not in line with the original objective of the GI Bill, "assist the veteran in adjusting from military to civilian life by helping them get the training and education they need to obtain employment in the *career of their choice*".

Your assistance in this matter would be very much appreciated. We are prepared to provide more information to you and your staff as to why the proposal should be rejected.

Sincerely,

David B. Evans

David B. Evans
Director of Operations
& Airport Services

J. MICHAEL McKEON
3912 AUBURN DR.
ROYAL OAK, MICHIGAN 48072
(Your Name and Address)

Honorable Vance Hartke
United States Senate
Washington, D.C. 20510

VETERANS' AFFAIRS COMM.
RECEIVED
SEP 08 1976
WASHINGTON, D.C. 20510

Dear Senator Hartke:

I am writing ~~in opposition to~~ TO CONCUR WITH your amendment of the Veterans Education and Employment Assistance Act of 1976 (S-969) which would eliminate VA benefits for flight training as of October 1, 1976.

Certainly one of the objectives of the original Act (S-969) is to assist American veterans, who have honorably served our country, in obtaining the skills required of a respectable profession.

Certainly few professions afford the challenge and opportunity that is experienced by the American aviator. Few professions require the degree of intense training and demonstrated proficiency.

To deny an American veteran of the right to choose flying as a career would not only be restricting the growth of American aviation by contributing to a shortage of qualified pilots, but would also deny the individual freedom of a prestigious class of Americans to select the profession of their choice.

Please reverse your position on this aspect of the legislation, and send me a copy of your proposed amendment.

Sincerely,

J. Michael McKeon
(Your Signature)

PREPARED BY THE AMERICAN AVIATION FOUNDATION, INC.

I believe that most of the flying hours paid for by the VA are actually Veteran's PLEASURE FLYING HOURS and very few Vets in the program actually expect to find a job as a pilot as a result of the training. There is an excess of Pilots already.
J. M. McKeon

9-2-76

VETERANS' AFFAIRS COMM.
RECEIVED
SEP 08 1976
WASHINGTON, D.C. 20510

[illegible] Ritter
601 [illegible]
Woodstock Ill 60098
(Your Name and Address)
Cert # 1649968

Honorable Vance Hartke
United States Senate
Washington, D.C. 20510

Dear Senator Hartke:

I am writing in favor ~~in opposition~~ to your amendment of the Veterans Education and Employment Assistance Act of 1976 (S-969) which would eliminate VA benefits for flight training as of October 1, 1976.

Certainly one of the objectives of the original Act (S-969) is to assist American veterans, who have honorably served our country, in obtaining the skills required of a respectable profession. They misuse this money and use it to joy ride at tax payers expense

Certainly few professions afford the challenge and opportunity that is experienced by the American aviator. Few professions require the degree of intense training and demonstrated proficiency.

To deny an American veteran of the right to choose flying as a career would not only be restricting the growth of American aviation by contributing to a shortage of qualified pilots, but would also deny the individual freedom of a prestigious class of Americans to select the profession of their choice. There are now too many qualified pilots for the available jobs and will be for many years.

Please reverse your position on this aspect of the legislation, and send me a copy of your proposed amendment.

The fixed base operators and flight trainers are about the only ones who want to continue the act as it is

Sincerely,

[illegible] Ritter
(Your Signature)

PREPARED BY THE AMERICAN AVIATION FOUNDATION, INC.

Silver Aviation, Inc. Wings

AERONAUTICAL CHARTS

P. O. Box 522, Rapid City, SD 57701 • AC 605-342-7520
Main Offices: Rapid City Regional Airport
JOHN F. WELCH, *President*

Aircraft Sales and Rental,
Flight Instruction,
Air Taxi and Charter

September 27, 1976

VETERANS' [illegible]

SEP [illegible] 1976

Chairman
Committee on Veterans Affairs
United States Senate
Senate Office Building
Washington, D.C. 20510

Dear Senator:

Senator Abourezk has provided me with a copy of excerpts from your Report No. 94-1243.

My special concern is for veterans whose vocational objective is professional pilot.

Present law requires that a veteran may not enroll under VA auspices in a flight training course in an approved flight school, unless at least 15% of training in advanced courses, given in the last 30 days, was given to students not under VA auspices. This often causes a delay in the veteran's beginning training because of the sporadic nature of the relative percentages. For some months the ratio can run 50%, and then for two or three months the 15% ratio is not met, and no one may enroll under the GI Bill. Non veterans are likely to enroll for a course and complete it in minimum time, providing a surge in non VA flight time. The typical veteran is still on active duty, or is employed full time to support himself and family while he is training, so he flies less often. A number of such students, however, maintains an even level of operation for them, keeping the percentage high so that no new veterans may enroll until another surge is provided by a non-veteran. The solution I see is to go to a longer period of time for computing the percentage ratio, at least six months, or perhaps a year. Enrollment of veterans could then level out, and a veteran would be able to enroll when he chooses.

Present law also requires that 50% or more of persons graduating from a flight training course at the school in the last two years must be employed as pilots, or no

GRUMMAN AMERICAN AVIATION
DEALER

veterans may enroll under VA auspices. There are two reasons why this works an injustice on the veteran who wishes to enroll in a particular school.

First of all, a new graduate of all the pilot courses available, no matter how "sharp" he is or how good the flight school is, has a very difficult time finding a full time job as a pilot. What he lacks is the experience level demanded of new employees by prospective employers. If he is ever to reach the experience level he must have, he must pay for additional flying time out of his own pocket, and find work elsewhere to support himself and family until he can meet the experience requirements for full time employment. That is pretty difficult to do in two years. Five years would be more realistic in applying the 50% rule to flight training.

Secondly, many non veterans who take advanced flight courses have been flying, most likely in conjunction with a business or profession. They want to add to their skills as an adjunct to their use of flying, but have no intention of accepting employment as professional pilots. Counting them can also prevent enrollment by an eligible veteran.

I know these views are too late to be considered for the Committee's recent work, but they should be kept in mind for future actions.

Sincerely,

John F. Welch

John F. Welch

APPENDIX A

Calendar No. 1179

94th Congress } SENATE { Report
2d Session } { No. 94-1243

VETERANS' EDUCATION AND EMPLOYMENT ASSISTANCE ACT OF 1976

REPORT

OF THE

COMMITTEE ON VETERANS' AFFAIRS
UNITED STATES SENATE

TO ACCOMPANY

S. 969

SEPTEMBER 16, 1976.—Ordered to be printed

73-958

U.S. GOVERNMENT PRINTING OFFICE
WASHINGTON : 1976

COMMITTEE ON VETERANS' AFFAIRS

VANCE HARTKE, Indiana, *Chairman*

HERMAN E. TALMADGE, Georgia
JENNINGS RANDOLPH, West Virginia
ALAN CRANSTON, California
RICHARD (DICK) STONE, Florida
JOHN A. DURKIN, New Hampshire

CLIFFORD P. HANSEN, Wyoming
STROM THURMOND, South Carolina
ROBERT T. STAFFORD, Vermont

FRANK J. BRIZZI, *Staff Director*
GUY H. MCMICHAEL III, *General Counsel*

SUBCOMMITTEE ON READJUSTMENT, EDUCATION, AND EMPLOYMENT

VANCE HARTKE, Indiana, *Chairman*

HERMAN E. TALMADGE, Georgia
ALAN CRANSTON, California
JOHN A. DURKIN, New Hampshire

ROBERT T. STAFFORD, Vermont
STROM THURMOND, South Carolina

CONTENTS

Page
Committee amendments 1
Introduction 19
Summary of provisions of S. 969, as amended 21
  Basic purpose 21
  Summary of provisions 22
Background and discussion:
  Veterans' Administration educational assistance programs 26
  Participation rates 30
  Need for increases in educational assistance benefits 32
  Additional 9 months of unrestricted eligibility 34
  Expanded VA education loan program 34
  Vocational rehabilitation for disabled veterans 41
  Benefits for survivors and dependents 43
  VA education program administration amendments to curb abuse and overpayments 46
  Unemployment among disabled and Vietnam era veterans 52
  Post-Vietnam era veterans' readjustment assistance 60
Cost estimates 73
Tabulation of votes cast in committee 74
Section-by-section analysis and explanation of S. 969, as amended 74
  Title I 75
  Title II 78
  Title III 99
  Title IV 102
  Title V 113
  Title VI 136
  Title VII 147
Agency reports 151
Changes in existing law made by S. 969, as amended 282
Charts, entitled—
  Chart 1.—Persons in training under GI bill, successive Aprils and Novembers 31
  Chart 2.—State expenditures for higher education as a percentage of State personal income, 1973–74 36
  Chart 3.—Persons in training under chapter 35 45
  Chart 4.—Composition of the 18-year-old male population, fiscal years 1972–85 65
Tables, entitled—
  Table 1.—Veteran trainees under the current GI bill cumulative through fiscal year 1975 by type of training 27
  Table 2.—Survivors and dependents—trainees under the current GI bill cumulative through fiscal year 1975 by type of training 28
  Table 3.—GI bill participation by program, through May 1976 30
  Table 4.—Three GI bills—total number trained, level of training and cost (comparison for World War II, Korean conflict, post-Korean and Vietnam era) 30
  Table 5.—U.S. Department of Labor, Bureau of Labor Statistics, Consumer Price Index 32
  Table 6.—Chronology of actual and proposed educational assistance rates 33
  Table 7.—Dependency status for veterans in training, November 1975—comparison for current GI bill by peace time post-Korean and Vietnam era veterans 33

Page

Table 8.—Estimated average charges (current dollars) per full-time undergraduate resident degree-credit student in institutions of higher education, or institutional type and control: United States, 1960–61 to 1975–76 ... 35
Table 9.—Chapter 34: Participation rate for Vietnam-era veterans by State and type of training (cumulative through April 1976) ... 37
Table 10.—Distribution of tuition and fees (per school year) for full-time trainees by type of trainees ... 38
Table 11.—Federal student aid programs focused on undergraduates ... 39
Table 12.—Chapter 31: Training time, dependents, for all in training ... 42
Table 13.—Chapter 35: Dependents educational assistance ... 44
Table 14.—Employment service performance indicators ranked by State ... 53
Table 15.—Service to veterans and others based on employment security automated reporting system (ESARS)—fiscal year 1975 ... 55
Table 16.—Blacks, as a percentage of enlisted accessions ... 63
Table 17.—Percentage of black enlisted persons within major occupational groups ... 64
Table 18.—Selected examples of annual compensation and benefits for military personnel ... 71
Table 19.—Comparison of military and civilian compensation and benefits (Oct. 1, 1975, pay scales) ... 72
Table 20.—Five-year cost of S. 969, as amended ... 74
Table 21.—Veterans whose VA vocational rehabilitation was terminated June 30, 1975, by service period and degree of disability ... 76
Table 22.—Chapter 31: Extension of delimiting date ... 77
Table 23.—Participation under farm cooperative training programs during Vietnam era through April 1976 ... 79
Table 24.—Veterans as a percentage of students enrolled in institutions of higher learning ... 89
Table 25.—Chapter 34: Veterans counseled, fiscal year 1974–76 ... 95
Table 26.—Usefulness of training as indicated by completers and noncompleters ... 97
Table 27.—9 months additional eligibility for chapter 35 trainees ... 100
Table 28.—Vietnam era veterans participation in apprenticeship and on-job training, by field of training (October 1967–June 1975, cumulative) ... 113
Table 29.—8 percent increase for apprenticeship/OJT ... 114
Table 30.—VA education loans ... 115
Table 31.—Reporting fee increase ... 126

Calendar No. 1179

94th Congress *2d Session*	SENATE	Report No. 94–1243

VETERANS' EDUCATION AND EMPLOYMENT ASSISTANCE ACT OF 1976

September 16, 1976.—Ordered to be printed

Mr. Stafford (for Mr. Hartke), from the Committee on Veterans' Affairs, submitted the following

REPORT

[To accompany S. 969]

The Committee on Veterans' Affairs, to which was referred the bill (S. 969) to amend chapter 34 of title 38, United States Code, to extend the basic educational assistance eligibility for veterans under chapter 34 and for certain dependents under chapter 35 from 36 to 45 months, having considered the same, reports favorably thereon with an amendment in the nature of a committee substitute and an amendment to the title and recommends that the bill, as amended, do pass.

Committee Amendments

The amendments are as follows:

Strike out all after the enacting clause and insert the following:

That this Act may be cited as the "Veterans' Education and Employment Assistance Act of 1976".

TITLE I—CHAPTER 31: DISABLED VETERANS' VOCATIONAL REHABILITATION RATE AND PROGRAM ADJUSTMENTS

Sec. 101. The table contained in section 1504(b) of title 38, United States Code, is amended to read as follows:

"Column I	Column II	Column III	Column IV	Column V
Type of training	No dependents	One dependent	Two dependents	More than two dependents
				The amount in column IV, plus the following for each dependent in excess of two:
Institutional:				
Full-time	$226	$280	$329	$24
Three-quarter-time	170	210	247	18
Half-time	113	140	165	12
Farm cooperative, apprentice, or other on-job training:				
Full-time	197	238	275	18".

SEC. 102. Section 1503(c) of title 38, United States Code, is amended by striking out ", but not beyond ten years after such termination date, or June 30, 1975, whichever date is the later," and inserting in lieu thereof "when such action is determined by the Administrator to be necessary for such veteran based upon such veteran's disability and need for vocational rehabilitation,".

SEC. 103. Section 1511 of title 38, United States Code, is amended by adding at the end thereof the following: "Notwithstanding any other provision of law, the facilities of any agency of the United States, as designated in clause (3) of this section, may be used to provide unpaid training or work experience as part or all of a veteran's program of vocational rehabilitation when the Administrator determines such training or work experience to be necessary to accomplish vocational rehabilitation. While pursuing such training or work experience, an uncompensated veteran shall be deemed an employee of the United States for the purposes of the benefits of chapter 81 of title 5 but not for the purposes of laws administered by the Civil Service Commission.".

SEC. 104. Chapter 31 of title 38, United States Code, is amended—

(1) by striking out in the second sentence of section 1502(b) "him" and inserting in lieu thereof "the veteran";

(2) by striking out in subsections (a) and (b) of section 1503 "his", "he", and "him" each time they appear and inserting in lieu thereof "the veteran's", "the veteran", and "the veteran", respectively;

(3) by striking out in section 1503(c) "him" and "he" each time they appear and inserting in lieu thereof "the veteran" and by striking out "his" the first and second time it appears and inserting in lieu thereof "the veteran's" and "the veteran", respectively;

(4) by striking out in subsections (a) and (c) of section 1504 "his" and "him" and inserting in lieu thereof "the veteran's" and "the employer", respectively;

(5) by striking out in section 1505 "he" and "his" and inserting in lieu thereof "the Administrator" and "the veteran's", respectively;

(6) by striking out in section 1507 "him" and inserting in lieu thereof "the Administrator";

(7) by striking out in section 1508 "he" and inserting in lieu thereof "the Administrator";

(8) by striking out in section 1509(a) "him", "his", and "he" each time they appear and inserting in lieu thereof "the veteran", "the veteran's", and "the veteran", respectively;

(9) by striking out in section 1509(b) "he" and inserting in lieu thereof "the Administrator";

(10) by striking out in section 1510 "he" each time it appears and inserting in lieu thereof "such person"; and

(11) by striking out in section 1511 "he" and inserting in lieu thereof "the Administrator".

TITLE II—VETERANS' EDUCATION RATE AND PROGRAM ADJUSTMENTS

SEC. 201. Chapter 34 of title 38, United States Code, is amended—

(1) by amending the table contained in paragraph (1) of section 1682(a) to read as follows:

"Column I	Column II	Column III	Column IV	Column V
Type of program	No dependents	One dependent	Two dependents	More than two dependents
				The amount in column IV, plus the following for each dependent in excess of two:
Institutional:				
Full-time	$292	$347	$396	$24
Three-quarter-time	219	260	297	18
Half-time	146	174	198	12
Cooperative	235	276	313	18";

(2) by striking out in section 1682(b) "$270" and inserting in lieu thereof "$292";

(3) by amending the table contained in paragraph (2) of section 1682(c) to read as follows:

"Column I	Column II	Column III	Column IV	Column V
Basis	No dependents	One dependent	Two dependents	More than two dependents
				The amount in column IV, plus the following for each dependent in excess of two:
Full-time	$235	$276	$313	$18
Three-quarter-time	176	207	235	14
Half-time	118	138	157	9";

and

(4) by striking out in section 1696(b) "$270" and inserting in lieu thereof "$292".

SEC. 202. Section 1652 of title 38, United States Code, is amended by adding at the end thereof the following new subsections:

"(f) For the purposes of this chapter and chapter 36 of this title, the term 'institution of higher learning' means a college, university, or similar institution, including a technical or business school, offering postsecondary level academic instruction that leads to an associate or higher degree if the school is empowered by the appropriate State education authority under State law to grant an associate or higher degree. When there is no State law to authorize the granting of a degree, the school may be recognized as an institution of higher learning if it is accredited for degree programs by a recognized accrediting agency. Such term shall also include a hospital offering educational programs at the postsecondary level without regard to whether the hospital grants a postsecondary degree.

"(g) For the purposes of this chapter and chapter 36 of this title, the term 'standard college degree' means an associate or higher degree awarded by (1) an institution of higher learning that is accredited as a collegiate institution by a recognized regional or national accrediting agency; or (2) an institution of higher learning that is a 'candidate' for accreditation as that term is used by the regional or national accediting agencies; or (3) an institution of higher learning upon completion of a course which is accredited by an agency recognized to accredit specialized degree-level programs. For the purpose of this section, the accrediting agency must be one recognized by the Commissioner of Education under the provisions of section 1775 of this title.".

SEC. 203. Section 1661 of title 38, United States Code, is amended—

(1) by striking out in the second sentence of subsection (a) all after "period of" the second time it appears and inserting in lieu thereof "45 months (or the equivalent thereof in part-time educational assistance).";

(2) by inserting in subsection (a) "or served for a period of less than 18 months after such date and received a medical discharge because of service-connected disabilities," after "active duty obligation,"; and

(3) by amending subsection (c) to read as follows:

"(c) Except as provided in subsection (b) and in subchapters V and VI of this chapter, no eligible veteran shall receive educational assistance under this chapter in excess of 45 months.".

SEC. 204. Section 1662(a) of title 38, United States Code, is amended by inserting immediately before the period at the end thereof the following: "; except that in the case of any eligible veteran who was prevented from initiating or completing such veteran's program of education within such time period because of a physical or mental disability which was not the result of such veteran's own willful misconduct, such veteran shall, upon application, be granted an extension of the applicable delimiting period for such length of time as the Administrator determines, from the evidence, that such veteran was prevented from initiating or completing a program of education.".

SEC. 205. (a) The Administrator shall carry out a study of the vocational objective programs approved for the enrollment of veterans and other eligible persons under chapters 31, 34, 35, and 36 of title 38, United States Code. The study shall include the extent to which such programs are in compliance with the applicable provisions of such chapters particularly the requirements of section 1673(a)(2) of that title.

(b) The findings and report of such study with respect to the provisions of section 1673(a)(2) of such title shall include, but shall not be limited to—

(1) the number of veterans and institutions submitting justification asserting compliance with the requirements of such section and the extent to which any courses were challenged or disqualified by a State approving agency or by the Veterans' Administration;

(2) the number of institutions and courses for which justification showing compliance with the requirements of such section was not submitted;

(3) the number of courses for which justification showing compliance with the requirements of this section was submitted and actively reviewed by either the appropriate State approving agency or by the Veterans' Administration;

(4) the extent to which courses subject to the requirements of such section have not been identified or surveyed;

(5) the extent to which vocational objective programs have been converted to degree programs following enactment of Public Law 93-508;

(6) information as to completion rates of those courses submitting placement reports pursuant to such section;

(7) the extent to which justification submitted pursuant to such section disclosed invalid survey population;

(8) the extent to which justification submitted pursuant to such section disclosed improper exclusion of students who completed the course but did not take or pass a licensing examination given by the State;

(9) the extent to which justification submitted pursuant to such section disclosed improper exclusion of persons employed in other fields;

(10) the extent to which justification submitted pursuant to such section disclosed improper exclusion of persons as being in closely related occupations, when in fact they were not;

(11) the extent to which justification submitted pursuant to such section disclosed improper exclusion of some persons as not being available for employment;

(12) the extent to which there are deficiencies in basic procedures, instructions, and forms issued pursuant to such section; and

(13) the extent to which vocational objective programs are being pursued for avocational or recreational purposes.

(c) The Administrator shall report the results of the study carried out under this section to the Congress and the President not later than 180 days after the date of enactment of this Act and shall include in such report any recommendations for legislative or administrative action the Administrator deems appropriate.

SEC. 206. Section 1673 of title 38, United States Code, is amended—

(1) by striking out at the end of subsection (a)(2) "or";

(2) by striking out the period at the end of subsection (a)(3) and inserting in lieu thereof "; or";

(3) by adding at the end of subsection (a) a new clause (4) as follows:

"(4) any independent study program except one leading to a standard college degree."; and

(4) by amending subsection (d) to read as follows:

"(d) The Administrator shall not approve the enrollment of any eligible veteran, not already enrolled, in any course (other than one offered pursuant to subchapter V or subchapter VI of this chapter or any farm cooperative training course) for any period during which the Administrator finds that more than 85 per centum of the students enrolled in the course are having all or part of their tuition, fees, or other charges paid to or for them by the educational institution, by the Veterans' Administration under this title and/or by grants from any Federal agency. The Administrator may waive the requirements of this subsection with respect to grants from any Federal agency upon the recommendation of the Secretary of Health, Education, and Welfare if the Administrator determines it to be in the interest of the eligible veteran.".

SEC. 207. Section 1674 of title 38, United States Code, is amended by inserting immediately after the first sentence thereof the following: "Progress will be considered unsatisfactory at any time the eligible veteran is not progressing at a rate that will permit such veteran to graduate within the approved length of the course based on the training time as certified to the Veterans' Administration unless the Administrator finds there are mitigating circumstances.".

SEC. 208. Section 1682 of title 38, United States Code, is amended by adding a new subsection (e) at the end thereof as follows:

"(e) The educational assistance allowance of an eligible veteran pursuing an independent study program which leads to a standard college degree shall be computed at the rate provided in subsection (b)(2) of this section. In those cases where independent study is combined with resident training and the resident training constitutes the major portion of such training, the maximum allowance may not exceed the full-time institutional allowance provided under subsection (a)(1) of this section.".

SEC. 209. Section 1685(b) of title 38, United States Code, is amended by adding at the end thereof the following: "In the event the veteran ceases to be a full-time student before completing such agreement, the veteran may, with the approval of the Administrator, be permitted to complete such agreement.".

SEC. 210. Section 1692 of title 38, United States Code, is amended—

(1) by adding at the end of subsection (a) thereof the following: "A veteran enrolled in and pursuing an institutional or technical course not leading to a standard college degree, who has not received a high school diploma or equivalency certificate, may, subject to such regulations as the Administrator shall prescribe, be entitled to receive tutorial assistance. Such assistance shall be limited to the academic portions of such a course and may not be granted in connection with the laboratory or shop portions or to any courses provided under section 1691 or section 1695 of this title."; and

(2) by striking out in subsection (b) "$60" and "$720" and inserting in lieu thereof "$65" and "$780", respectively.

SEC. 211. Chapter 34 of title 38, United States Code, is amended—

(1) by striking out in section 1652(e) "United States Code,";

(2) by striking out in subsections (a) and (b) of section 1681 "section 1780" and inserting in lieu thereof "chapter 36";

(3) by redesignating section 1697A as section 1698; and

(4) by striking out in the table of sections at the beginning of such chapter "1697A" and inserting in lieu thereof "1698".

SEC. 212. Chapter 34 of title 38, United States Code, is amended—

(1) by striking out in subsections (a) and (d) of section 1652 "he" and "wife" and inserting in lieu thereof "such individual" and "spouse", respectively;

(2) by striking out in section 1661(a) "his" and "he" each time they appear and inserting in lieu thereof "the veteran's" and "the veteran", respectively;

(3) by striking out in subsections (a), (b), and (d) of section 1662 "his" and "he" each time they appear and inserting in lieu thereof "the veteran's" and "the veteran", respectively;

(4) by striking out in section 1663 "he" each time it appears and inserting in lieu thereof "the Administrator";

(5) by striking out in section 1670 "him" each time it appears and inserting in lieu thereof "the veteran";

(6) by striking out in section 1671 "he" the first time it appears and inserting in lieu thereof "the Administrator", by striking out "he" the second time it appears and inserting in lieu thereof "the veteran or person", and by striking out "his" each time it appears and inserting in lieu thereof "the veteran's or person's";

(7) by striking out in section 1673(a) "he" and "his" and inserting in lieu thereof "the Administrator" and "the veteran's", respectively;

(8) by striking out in section 1674 "his" and "he" each time they appear and inserting in lieu thereof "the veteran's" and "the Administrator", respectively;

(9) by striking out in section 1676 "his" and "he" and inserting in lieu thereof "the Administrator's" and "the Administrator", respectively;

(10) by striking out in section 1681(a) "his" and inserting in lieu thereof "the veteran's";

(11) by striking out in section 1685(c) "he" and "his" each time they appear and inserting in lieu thereof "the Administrator" and "the veteran's", respectively;

(12) by striking out in section 1691(a) "his" and "he" each time they appear and inserting in lieu thereof "the veteran's" and "the veteran", respectively;

(13) by striking out in section 1696(a) "he" and inserting in lieu thereof "the Administrator"; and

(14) by striking out in subsections (a) and (b) of section 1698 (as redesignated by section 211(3) of this Act) "he" and "his" and inserting in lieu thereof "the Administrator" and "such person's", respectively.

SEC. 213. Section 1663 of title 38, United States Code, is amended—

(1) by striking out the first sentence and inserting in lieu thereof: "The Administrator shall make available to any eligible veteran, upon such veteran's request, comprehensive counseling services, including but not limited to, vocational and educational counseling and testing."; and

(2) by adding at the end thereof the following: "The Administrator shall carry out an effective outreach program to acquaint all eligible veterans with the availability of said counseling, its benefits and advantages.".

TITLE III—CHAPTER 35: SURVIVORS' AND DEPENDENTS' EDUCATIONAL ASSISTANCE RATE AND PROGRAM ADJUSTMENTS

SEC. 301. Chapter 35 of title 38, United States Code, is amended—

(1) by striking out in section 1732(b) "$217" and inserting in lieu thereof "$235"; and

(2) by amending subsection (a) of section 1742 to read as follows:

"(a) While the eligible person is enrolled in and pursuing a full-time course of special restorative training, the parent or guardian shall be entitled to receive on behalf of such person a special training allowance computed at the basic rate of $292 per month. If the charges for tuition and fees applicable to any such course are more than $92 per calendar month, the basic monthly allowance may be increased by the amount that such charges exceed $92 a month, upon election by the parent or guardian of the eligible person to have such person's period of entitlement reduced by one day for each $9.76 that the special training allowance paid exceeds the basic monthly allowance.".

SEC. 302. Section 1701(a) of title 38, United States Code, is amended by adding at the end thereof the following new paragraphs:

"(10) For the purposes of this chapter and chapter 36 of this title, the term 'institution of higher learning' means a college, university, or similar institution, including a technical or business school, offering postsecondary level academic instruction that leads to an associate or higher degree if the school is empowered by the appropriate State education authority under State law to grant an associate or higher degree. When there is no State law to authorize the granting of a degree, the school may be recognized as an institution of higher learning if it is accredited for degree programs by a recognized accrediting agency. Such term shall also include a hospital offering educational programs at the postsecondary level without regard to whether the hospital grants a postsecondary degree.

"(11) For the purposes of this chapter and chapter 36 of this title, the term 'standard college degree' means an associate or higher degree awarded by (A) an institution of higher learning that is accredited as a collegiate institution by a recognized regional or national accrediting agency; or (B) an institution of higher learning that is a 'candidate' for accreditation as that term is used by the regional or national accrediting agencies; or (C) an institution of higher learning upon completion of a course which is accredited by an agency recognized to accredit specialized degree-level programs. For the purpose of this section, the accrediting agency must be one recognized by the Commissioner of Education under the provisions of section 1775 of this title.".

SEC. 303. Section 1711 of title 38, United States Code, is amended—

(1) by striking out in subsection (a) "thirty-six" and inserting in lieu thereof "45"; and

(2) by striking out in subsection (b) "nine" and inserting in lieu thereof "12".

SEC. 304. Section 1712 of title 38, United States Code, is amended—

(1) by striking out in clauses (3) and (4) of subsection (a) "five" each time it appears and inserting in lieu thereof "8";

(2) by amending clause (5) of subsection (a) to read as follows:

"(5)(A) if such person is enrolled in an educational institution regularly operated on the quarter or semester system and such period ends during a quarter or semester, such period shall be extended to the end of the quarter or semester; or

"(B) if such person is enrolled in an educational institution operated on other than a quarter or semester system and such period ends after a major portion of the course is completed, such period shall be extended to the end of the course, or until 12 weeks have expired, whichever first occurs."; and

(3) by repealing subsection (d) and redesignating subsections (e), (f), and (g), as subsections (d), (e), and (f), respectively.

SEC. 305. Section 1713 of title 38, United States Code, is amended to read as follows:

"The parent or guardian of a person (or the eligible person if such person has attained legal majority) for whom educational assistance is sought under this chapter shall submit an application to the Administrator which shall be in such form and contain such information as the Administrator shall prescribe. If the Administrator finds that the person on whose behalf the application is submitted is an eligible person, the Administrator shall approve the application provisionally. The Administrator shall notify the parent or guardian or eligible person (if the person has attained legal majority) of the provisional approval or of the disapproval of the application.".

SEC. 306. Section 1723(a) of title 38, United States Code, is amended—

(1) by striking out at the end of clause (2) "or";

(2) by striking out at the end of clause (3) the period and inserting in lieu thereof "; or"; and

(3) by adding at the end thereof a new clause (4) as follows:

"(4) any independent study program except one leading to a standard college degree.".

SEC. 307. Section 1724 of title 38, United States Code, is amended by inserting immediately after the first sentence thereof the following: "Progress will be considered unsatisfactory at any time an eligible person is not progressing at a rate that will permit such person to graduate within the approved length of the course based on the training time as certified to the Veterans' Administration unless the Administrator finds there are mitigating circumstances.".

SEC. 308. Section 1732(c) of title 38, United States Code, is amended by adding a new paragraph (3) at the end thereof as follows:

"(3) The monthly educational assistance allowance to be paid on behalf of an eligible person pursuing an independent study program which leads to a standard college degree shall be computed at the rate prescribed in section 1682(e) of this title."

SEC. 309. (a) The title of chapter 35 of title 38, United States Code, is amended by striking out

"CHAPTER 35—WAR ORPHANS' AND WIDOWS' EDUCATIONAL ASSISTANCE"

and inserting in lieu thereof

"CHAPTER 35—SURVIVORS' AND DEPENDENTS' EDUCATIONAL ASSISTANCE"

(b) The table of chapters at the beginning of title 38, United States Code, and the table of chapters at the beginning of part III of such title are each amended by striking out

"35. War Orphans' and Widows' Educational Assistance .... 1700"

and inserting in lieu thereof

"35. Survivors' and Dependents' Educational Assistance .... 1700".

(c) Section 1731(a) is amended by striking out "section 1780" and inserting in lieu thereof "chapter 36".

SEC. 310. Chapter 35 of title 38, United States Code, is amended—

(1) by striking out in section 1700 "widows", "wives", and "his" each time they appear and inserting in lieu thereof "surviving spouses", "spouses", and "the veteran's", respectively;

(2) by striking out in section 1701(a) "widow" and "wife" each time they appear and inserting in lieu thereof "surviving spouse" and "spouse", respectively;

(3) by striking out in section 1701(b) "his" and inserting in lieu thereof "the person's" and by striking out "himself";

(4) by striking out in section 1701(c) "his" each time it appears and inserting in lieu thereof "such person's" and by striking out "himself";

(5) by striking out in section 1701(d) "he" each time it appears and inserting in lieu thereof "such person";

(6) by striking out in section 1711(b) "she" the first time it appears and inserting in lieu thereof "the spouse", by striking out "her" each time it appears and inserting in lieu thereof "such person's", and by striking out "he or she" each time it appears and inserting in lieu thereof "such person";

(7) by striking out in section 1712(a) "him", "his", and "he" each time they appear and inserting in lieu thereof "the person", "the person's", and "the person", respectively;

(8) by striking out in section 1712(c) "him", "he", "his" each time they appear and inserting in lieu thereof "such person", "such person", and "such person's", respectively;

(9) by striking out in subsections (e) and (f) of section 1712 (as redesignated by section 304(3) of this Act) "her" and "he" and inserting in lieu thereof "the" and "such person", respectively;

(10) by striking out in section 1720(a) "his" each time it appears and inserting in lieu thereof "such person's";

(11) by striking out in section 1721 "he" and inserting in lieu thereof "the Administrator";

(12) by striking out in section 1723(a) "he" and "his" and inserting in lieu thereof "the Administrator" and "the person's", respectively;

(13) by striking out in section 1723(c) "his" and "he" and inserting in lieu thereof "the Administrator's" and "the Administrator", respectively;

(14) by striking out in section 1723(d) "his" each time it appears and inserting in lieu thereof "such person's";

(15) by striking out in section 1724 "he" the first time it appears and inserting in lieu thereof "such person", by striking out "his" each time it appears and inserting in lieu thereof "the person's", and by striking out "he" the second time it appears and inserting in lieu thereof "the Administrator";

(16) by striking out in section 1731(b) "his" and "he" and inserting in lieu thereof "the person's" and "the person", respectively;

(17) by striking out in section 1733(a) "wife or widow" and "she" and inserting in lieu thereof "spouse or surviving spouse" and "such spouse", respectively;

(18) by striking out in section 1733(b) "he" and inserting in lieu thereof "such person";

(19) by striking out in section 1734(b) "wife or widow" and inserting in lieu thereof "spouse or surviving spouse";

(20) by striking out in section 1736 "he" and inserting in lieu thereof "the Administrator";

(21) by striking out in section 1741(b) "he" and inserting in lieu thereof "the Administrator";

(22) by striking out in subsections (a) and (b) of section 1743 "his" and "he" each time they appear and inserting in lieu thereof "the Administrator's" and "the Administrator", respectively;

(23) by striking out in section 1761(a) "he" and inserting in lieu thereof "the Administrator"; and

(24) by striking out in section 1763 "his" and inserting in lieu thereof "such person's".

TITLE IV—POST-VIETNAM ERA VETERANS' READJUSTMENT ASSISTANCE ACT

SEC. 401. This title may be cited as the "Post-Vietnam Era Veterans' Readjustment Assistance Act of 1977".

SEC. 402. Section 1652 of title 38, United States Code, is amended—

(1) by amending paragraph (1) of subsection (a) to read as follows:

"(1) The term 'eligible veteran' means any veteran who—

"(A) served on active duty for a period of more than 180 days, any part of which occurred after January 31, 1955, and before January 1, 1977, and was discharged or released therefrom under conditions other than dishonorable; or

"(B) contracted with the Armed Forces and was enlisted in or assigned to a reserve component prior to January 1, 1977, and as a result of such enlistment or assignment served on active duty for a period of more than 180 days, any part of which commenced within 12 months after January 1, 1977, and was discharged or released from such active duty under conditions other than dishonorable; or

"(C) was discharged or released from active duty, any part of which was performed after January 31, 1955, and before January 1, 1977, or following entrance into active service from an enlistment provided for under clause (B) of this paragraph, because of a service-connected disability."; and

(2) by inserting in subsection (a)(2) "or (B)" after "paragraph (1)(A)".

SEC. 403. Section 1661(a) of title 38, United States Code, is amended by adding at the end thereof a new sentence as follows: "In the case of any person serving on active duty on December 31, 1976, or a person whose eligibility is based on section 1652(a)(1)(B) of this chapter, the ending date for computing such person's entitlement shall be the date of such person's first discharge or release from active duty after December 31, 1976.".

SEC. 404. Part III of title 38, United States Code, is amended by inserting immediately after chapter 31 of such title a new chapter as follows:

"CHAPTER 32—POST-VIETNAM ERA VETERANS' READJUSTMENT ASSISTANCE

"SUBCHAPTER I—PURPOSE; DEFINITIONS

"Sec.
"1601. Purpose.
"1602. Definitions.

"SUBCHAPTER II—ELIGIBILITY; CONTRIBUTIONS; AND MATCHING FUND

"1621. Eligibility.
"1622. Contributions; matching fund.
"1623. Refunds of contributions upon disenrollment.
"1624. Death of participant.
"1625. Discharge or release under conditions which would bar use of benefits.

"SUBCHAPTER III—ENTITLEMENT; DURATION

"1631. Entitlement; loan eligibility.
"1632. Duration; limitations.

"SUBCHAPTER IV—ADMINISTRATION

"1641. Requirements.
"1642. Outreach efforts.
"1643. Reporting requirements.
"1644. Deposits; reports.

"Subchapter I—Purpose; Definitions

"§ 1601. Purpose

"It is the purpose of this chapter (1) to provide educational assistance to those men and women who enter the Armed Forces after December 31, 1976, (2) to assist young men and women in obtaining an education they might not otherwise be able to afford, and (3) to promote and assist the all volunteer military program of the United States by attracting qualified men and women to serve in the Armed Forces.

"§ 1602. Definitions

"For the purposes of this chapter—

"(1)(A) The term 'eligible veteran' means any veteran who (i) initially entered military service on or after January 1, 1977, served on active duty for a period of more than 180 days commencing on or after such date, and was discharged or released therefrom under conditions other than dishonorable, or (ii) initially entered military service on or after January 1, 1977, and was discharged or released from active duty after such date for a service-connected disability.

"(B) The requirement of discharge or release, prescribed in subparagraph (A), shall be waived in the case of any participant who has completed his or her first obligated period of active duty (which began after December 31, 1976) or 6 years of active duty (which began after December 31, 1976), whichever period is less.

"(C) For the purposes of subparagraphs (A) and (B), the term 'active duty' does not include any period during which an individual (i) was assigned full time by the Armed Forces to a civilian institution for a course of education which was substantially the same as established courses offered to civiilans, (ii) served as a cadet or midshipman at one of the service academies, or (iii) served under the provisions of section 511(d) of title 10 pursuant to an enlistment in the Army National Guard or the Air National Guard, or as a Reserve for service in the Army Reserve, Naval Reserve, Air Force Reserve, Marine Corps Reserve, or Coast Guard Reserve.

"(2) The terms 'program of education' and 'educational institution' shall have the same meaning ascribed to them in sections 1652(b) and 1652(c), respectively, of this title.

"(3) The term 'participant' is a person who is participating in the educational benefits program established under this chapter.

"Subchapter II—Eligibility; Contributions; and Matching Fund

"§ 1621. Eligibility

"(a) Each person entering military service on or after January 1, 1977, shall have the right to enroll in the educational benefits program provided by this chapter (hereinafter in this chapter referred to as the 'program' except where the text indicates otherwise) at any time during such person's service on active duty. When a person elects to enroll in the program, such person must participate for at least 12 consecutive months before disenrolling or suspending participation.

"(b) The requirement for 12 consecutive months of participation required by subsection (a) of this section shall not apply when (1) the participant suspends participation or disenrolls from the program because of personal hardship as defined in regulations issued jointly by the Administrator and the Secretary of Defense (hereinafter in this chapter referred to as the 'Secretary'), or (2) the participant is discharged or released from active duty.

"(c) A participant shall be permitted to suspend participation or disenroll from the program at the end of any 12-consecutive-month period of participation. If participation is suspended, the participant shall be eligible to make additional contributions to the program under such terms and conditions as shall be prescribed by regulations issued jointly by the Administrator and the Secretary.

"(d) If a participant disenrolls from the program, such participant forfeits any entitlement to benefits under the program except as provided in subsection (e) of this section. A participant who disenrolls from the program is eligible for a refund of such participant's contributions as provided in section 1623 of this title.

"(e) A participant who has disenrolled may be permitted to reenroll in the program under such conditions as shall be prescribed jointly by the Administrator and the Secretary.

"§ 1622. Contributions; matching fund

"(a) Each person electing to participate in the program shall agree to have a monthly deduction made from such person's military pay. Such monthly deduction shall be in any amount not less than $50 nor more than $75 except that the amount must be divisible by 5. Any such amount contributed by the participant or contributed by the Secretary pursuant to subsection (c) of this section shall be deposited in a special educational funding account (hereinafter in this chapter referred to as the 'fund') to be established in the Treasury of the United States. Contributions made by the participant shall be limited to a maximum of $2,700.

"(b) Except as otherwise provided in this chapter, each monthly contribution made by a participant under subsection (a) shall entitle the participant to matching funds from the Veterans' Administration at the rate of $2 for each $1 contributed by the participant.

"(c) The Secretary is authorized to contribute to the fund of any participant such contributions as the Secretary deems necessary or appropriate to encourage persons to enter or remain in the Armed Forces. The Secretary is authorized to issue such rules and regulations as the Secretary deems necessary or appropriate to implement the provisions of this subsection.

"§ 1623. Refunds of contributions upon disenrollment

"(a) Contributions made to the program by a participant may be refunded only after the participant has disenrolled from the program or as provided in section 1624.

"(b) If a participant disenrolls from the program prior to discharge or release from active duty, such participant's contributions will be refunded on the date of the participant's discharge or release from active duty or within 60 days of receipt of notice by the Administrator of the participant's disenrollment, whichever is later, except that refunds may be made earlier in instances of hardship or other good reason as prescribed in regulations issued jointly by the Administrator and the Secretary.

"(c) If a participant disenrolls from the program after discharge or release from active duty, the participant's contributions shall be refunded within 60 days of receipt of an application for a refund from the participant.

"(d) In the event the participant (1) dies while on active duty, (2) dies after discharge or release from active duty, or (3) disenrolls or is disenrolled from the program without having utilized any entitlement, the participant may have accrued under the program, or, in the event the participant utilizes part of such participant's entitlement and disenrolls or is disenrolled from the program, the amount contributed by the Secretary under the authority of section 1622(c) remaining in the fund shall be refunded to the Secretary.

"§ 1624. Death of participant

"(a) If a participant dies, the amount of such participant's unused contributions to the fund shall be paid (1) to the beneficiary or beneficiaries designated by such participant under such participant's Servicemen's Group Life Insurance policy, or (2) to the participant's estate if no beneficiary has been designated under such policy or if the participant is not insured under the Servicemen's Group Life Insurance program.

"(b) If a participant dies after having been discharged or released from active duty and before using any or all of the contributions which the participant made to the fund, such unused contributions shall be paid as prescribed in subsection (a) of this section.

"§ 1625. Discharge or release under conditions which would bar the use of benefits

"If a participant in the program is discharged or released from active duty under dishonorable conditions, such participant is automatically disenrolled and any contributions made by such participant shall be refunded to such participant on the date of such participant's discharge or release from active duty or within 60 days from receipt of notice by the Administrator of such discharge or release, whichever is later.

"Subchapter III—Entitlement; Duration

"§ 1631. Entitlement; loan eligibility

"(a)(1) A participant shall be entitled to a maximum of 36 monthly benefit payments (or their equivalent in the event of part-time benefit payments).

"(2) The amount of the monthly payment to which any eligible veteran is entitled shall be ascertained by (A) adding all contributions made to the fund by the eligible veteran, (B) multiplying the sum by 3, (C) adding all contributions made to the fund for such veteran by the Secretary, and (D) dividing the sum by the lesser of 36 or the number of months in which contributions were made by such veteran.

"(3) Payment of benefits under this chapter may be made only for periods of time during which an eligible veteran is actually enrolled in and pursuing an approved program of education and, except as provided in paragraph (4), only after an eligible veteran has been discharged or released from active duty.

"(4) Payment of benefits under this chapter may be made after a participant has completed his or her first obligated period of active duty (which began after December 31, 1976) or 6 years of active duty (which began after December 31, 1976), whichever period is less.

"(b) Any member of the Armed Forces participating in the program shall be eligible to participate in the Predischarge Education Program (PREP) authorized by subchapter VI of chapter 34 of this title.

"(c) When an eligible veteran is pursuing either a program of education under this chapter by correspondence or a program of flight training, such eligible veteran's entitlement shall be charged at the rate of 1 month's entitlement for each month of benefits paid to the eligible veteran (computed on the basis of the formula provided in subsection (a)(2) of this section).

"(d) Eligible veterans participating in the program shall be eligible for education loans authorized by subchapter III of chapter 36 of this title in such amounts and on the same terms and conditions as provided in such subchapter, except that the term 'eligible veteran' as used in such subchapter shall be deemed to include 'eligible veteran' as defined in this chapter.

"§ 1632. Duration; limitations

"No educational assistance benefits shall be afforded an eligible veteran under this chapter beyond the date of 10 years after such veteran's last discharge or release from active duty. In the event an eligible veteran has not utilized any or all of such veteran's entitlement by the end of the 10-year period, such eligible veteran is automatically disenrolled and any contributions made by such veteran remaining in the fund shall be refunded to the veteran following notice to the veteran and an application by the veteran for such refund. If no application is received within 1 year from date of notice, it will be presumed for the purposes of subsection (a) of section 725s of title 31, that the individual's whereabouts is unknown and the funds shall be transferred as directed in the last proviso of that subsection.

"Subchapter IV—Administration

"§ 1641. Requirements

"The provisions of sections 1663, 1670, 1671, 1673, 1674, 1676, 1677, 1681(c), 1683, 1685, 1695, 1696, 1697, and 1698 of this title and the provisions of chapter 36 of this title, with the exception of sections 1777, 1780(c), and 1787, shall be applicable to the program.

"§ 1642. Outreach efforts

"The Administrator shall designate an appropriate official of the Veterans' Administration who shall cooperate with and assist the Secretary (or any official designated by such Secretary as administratively responsible for such matters) in carrying out an effective outreach program to acquaint all persons entering or considering entry into the Armed Forces with the benefits and advantages of the program provided for in this chapter. The outreach program shall be designed to advise and counsel each person entering and each person considering entry into the Armed Forces on or after January 1, 1977, with respect to the benefits and advantages of enrollment in the program.

"§ 1643. Reporting requirements

"The Administrator and the Secretary shall, within 90 days after the date of enactment of this chapter, submit to the Committees on Veterans' Affairs of the Senate and House of Representatives a joint report containing their respective plans for implementation of the program provided for in this chapter. The Administrator and the Secretary shall submit to such committees a report each year detailing the operations of the program (including outreach efforts) during the preceding year. The first such annual report shall be submitted 15 months after the date of enactment of this section.

"§ 1644. Deposits; reports

"Deductions made by the Department of Defense from the military pay of any participant shall be promptly transferred to the Administrator for deposit in the fund. The Secretary shall also submit to the Administrator a report each month showing the name, service number, and the amount of the deduction made from the military pay of each initial enrollee, any contribution made by the Secretary pursuant to section 1622(c), as well as any changes in each participant's enrollment and/or contribution. The report shall also include any additional information the Administrator and the Secretary deem necessary to administer this program. The Administrator shall maintain accounts showing contributions made to the fund by individual participants and by the Secretary as well as disbursements made from the fund in the form of benefits.".

SEC. 405. The table of chapters at the beginning of title 38, United States Code, and the table of chapters at the beginning of part III of such title are each amended by inserting immediately below

"31. VOCATIONAL REHABILITATION .... 1501"

the following:

"32. POST-VIETNAM ERA VETERANS' READJUSTMENT ASSISTANCE .... 1601".

SEC. 406. The provisions of this title shall become effective on January 1, 1977.

SEC. 407. In the event that legislation is enacted after the date of enactment of this Act providing for the involuntary induction of persons into the Armed Forces under the Military Selective Service Act (or other corresponding legislation)—

(1) any individual entering military service on or after the effective date of such law shall be eligible to accrue entitlement to the benefits provided by chapter 34 of title 38, United States Code but shall not be eligible under the provisions of chapter 32 of such title (provided in section 404 of this Act); and

(2) any participant in the program provided for in chapter 32 of such title shall have the right to elect to continue his participation under the provisions of such chapter or to come under the provisions of chapter 34 of title 38, United States Code.

Election by the participant under clause (2) of the first sentence of this section shall be made, in such manner as shall be prescribed in regulations issued jointly by the Administrator of Veterans' Affairs and the Secretary of Defense, after the participant has been notified of the right to elect between the two programs. The election of any participant under this section may be changed at any time before the receipt of any educational benefit payment under either chapter 32 or 34 of title 38, United States Code, but the election becomes irrevocable upon receipt by such participant of any such payment. In the event a participant under chapter 32 of title 38, United States Code, elects to come under the provisions of chapter 34 of such title (A) such participant shall be deemed to have disenrolled under such chapter 32 and such participant's contributions to the matching fund shall be refunded as provided in such chapter, and (B) such participant's eligibility for benefits under chapter 34 of such title shall accrue from the date that involuntary induction into the Armed Forces is reinstituted by law. If any participant under chapter 32 of title 38, United States Code, fails to make an election between the two programs within the time prescribed in the joint regulations issued under the second sentence of this section, such participant shall be deemed to have elected to come under chapter 34 of title 38, United States Code.

TITLE V—CHAPTER 36: EDUCATION LOAN AND PROGRAM ADMINISTRATION AMENDMENTS

SEC. 501. Chapter 36 of title 38, United States Code, is amended—

(1) by striking out in section 1786(a)(2) "$270" and inserting in lieu thereof "$292"; and

(2) by amending the table contained in paragraph (1) of section 1787(b) to read as follows:

"Column I	Column II	Column III	Column IV	Column V
Periods of training	No dependents	One dependent	Two dependents	More than two dependents
				The amount in column IV, plus the following for each dependent in excess of two:
First 6 months	$212	$238	$260	$11
Second 6 months	159	185	207	11
Third 6 months	106	132	154	11
Fourth and any succeeding 6-month periods	53	79	101	11".

Sec. 502. (a) Section 1798 of title 38, United States Code, is amended—

(1) by striking out in subsection (b)(3) "$270" and "$600" and inserting in lieu thereof "$292" and "$2,000", respectively; and

(2) by amending clause (3) of subsection (d) to read as follows:

"(3) shall provide that the loan shall bear interest, on the unpaid balance of the loan, at a rate prescribed by the Administrator, at the time the loan is contracted for which rate shall be comparable to the rate of interest charged students at such time on loans insured by the Commissioner of Education, Department of Health, Education, and Welfare, under part B of title IV of the Higher Education Act of 1965, but in no event shall the rate so prescribed by the Administrator exceed the rate charged students on such insured loans, and shall provide that no interest shall accrue prior to the beginning date of repayment; and".

(b) The amendments made by subsection (a) shall be effective with respect to loans made under section 1798 of title 38, United States Code, on and after October 1, 1976.

Sec. 503. Section 1774 of title 38, United States Code, is amended—

(1) by adding at the end of subsection (a) thereof the following new sentence: "The Administrator may also reimburse such agencies for work performed by their subcontractors where such work has a direct relationship to the requirements of chapter 32, 34, 35, or 36 of this title, and has had the prior approval of the Administrator."; and

(2) by amending subsection (b) to read as follows:

"(b) The allowance for administrative expenses incurred pursuant to subsection (a) of this section shall be paid in accordance with the following formula:

"Total salary cost reimbursable under this section	Allowable for administrative expense.
$5,000 or less	$600.
Over $5,000 but not exceeding $10,000	$1,080.
Over $10,000 but not exceeding $35,000	$1,080 for the first $10,000 plus $1,000 for each additional $5,000 or fraction thereof.
Over $35,000 but not exceeding $40,000	$6,535.
Over $40,000 but not exceeding $75,000	$6,535 for the first $40,000 plus $865 for each additional $5,000 or fraction thereof.
Over $75,000 but not exceeding $80,000	$12,960.
Over $80,000	$12,960 for the first $80,000 plus $755 for each additional $5,000 or fraction thereof.".

Sec. 504. Section 1775 of title 38, United States Code, is amended—

(1) by striking out the period at the end of subsection (a) and inserting in lieu thereof "which must be certified as true and correct in content and policy by an authorized representative of the school. The catalog or bulletin must specifically state its progress requirements for graduation and must include as a minimum the information required by sections 1776(b) (6) and (7) of this title."; and

(2) by inserting before the period in the first sentence of subsection (b) the following: "and must include as a minimum (except for attendance) the requirements set forth in section 1776(c)(7) of this title".

Sec. 505. Section 1780(a) of title 38, United States Code, is amended—

(1) by striking out at the end of clause (1) "or";

(2) by striking out the period at the end of clause (2) and inserting in lieu thereof a semicolon; and

(3) by inserting immediately after clause (2) the following new clauses:

"(3) to any eligible veteran or person for auditing a course;

"(4) to any eligible veteran or person for a course for which the grade assigned is not used in computing the requirements for graduation including a course from which the student withdraws unless the Administrator finds there are mitigating circumstances; or

"(5) to any eligible veteran or person for pursuit of a program of education exclusively by correspondence as authorized under section 1786 of this title or for the pursuit of a correspondence portion of a combination correspondence-residence course leading to a vocational objective where the normal period of time required to complete such correspondence course or portion is less than 6 months. A certification as to the normal period of time required to complete the course must be made to the Administrator by the educational institution.".

SEC. 506. The last sentence of section 1780(a) of title 38, United States Code, is amended to read as follows: "Notwithstanding the foregoing, the Administrator may, subject to such regulations as the Administrator shall prescribe, continue to pay allowances to eligible veterans and eligible persons enrolled in courses set forth in clause (1) or (2) of this subsection—

"(A) during periods when the schools are temporarily closed under an established policy based upon an Executive order of the President or due to an emergency situation, and such periods shall not be counted as absences for the purposes of clause (2);

"(B) during periods between consecutive school terms where such veterans or persons transfer from one approved educational institution to another approved educational institution for the purpose of enrolling in and pursuing a similar course at the second institution if the period between such consecutive terms does not exceed 30 days, but such periods shall be counted as absences for the purposes of clause (2); or

"(C) during periods between a semester, term, or quarter where the educational institution certifies the enrollment of the eligible veteran or eligible person on an individual semester, term, or quarter basis if the interval between such periods does not exceed 1 full calendar month, but such periods shall be counted as absences for the purposes of clause (2).".

SEC. 507. Section 1784(a) of title 38, United States Code, is amended by adding at the end thereof the following: "The date of interruption or termination will be the last date of pursuit or, in the case of correspondence training, the last date a lesson was serviced by the school.".

SEC. 508. Section 1784(b) of title 38, United States Code, is amended by striking out "$3" and "$4" and inserting in lieu thereof "$5" and "$6", respectively.

SEC. 509. (a) Section 1788(a) of title 38, United States Code, is amended—

(1) by striking out the semicolon at the end of clause 1 and inserting in lieu thereof a comma and the following: "but if such course is approved pursuant to section 1775 of this title, then 22 hours per week of attendance, with no more than 2½ hours of rest period per week allowed and excluding supervised study, shall be considered full time;"; and

(2) by striking out the semicolon at the end of clause 2 and inserting in lieu thereof a comma and the following: "but if such course is approved pursuant to section 1775 of this title, then 18 hours per week net of instruction (excluding supervised study), which may include customary intervals not to exceed ten minutes between hours of instruction, shall be considered full time;".

(b) Section 1789 of title 38, United States Code, is amended by adding at the end thereof a new subsection (c) as follows:

"(c) Notwithstanding the provisions of subsection (b) (1), (2), (3), or (4) of this section, the provisions of subsection (a) shall apply to any course offered by a branch or extension of—

"(1) a public or other tax-supported institution where the branch or extension is located outside of the area of the taxing jurisdiction providing support to such institution; or

"(2) a proprietary profit or proprietary nonprofit educational institution where the branch or extension is located beyond the normal commuting distance of such institution.".

SEC. 510. Section 1792 of title 38, United States Code, is amended—

(1) by inserting in the last sentence "on a regular basis" after "shall"; and

(2) by striking out in the last sentence "from time-to-time" and inserting in lieu thereof "(which shall meet at least semiannually)".

SEC. 511. Section 1790(c) of title 38, United States Code, is amended to read as follows:

"(c) Notwithstanding any other provision of law, the records and accounts of educational institutions pertaining to eligible veterans or eligible persons who received educational assistance under this chapter or chapter 31, 32, 34, or 35 of this title, as well as the records of other students which the Administrator determines necessary to ascertain institutional compliance with the requirements of

such chapters, shall be available for examination by duly authorized representatives of the Government.".

SEC. 512. Subchapter II of chapter 36, United States Code, is amended—

(1) by striking out section 1793 and inserting in lieu thereof the following:

"§ 1973. Compliance surveys

"The Administrator shall conduct an annual compliance survey of each institution offering one or more courses approved for the enrollment of eligible veterans or persons where at least 300 veterans or persons are enrolled under provisions of this title or where the course does not lead to a standard college degree. Such compliance survey shall assure that the institution and approved courses are in compliance with all applicable provisions of chapters 31, 34, 35, and 36 of this title. The Administrator shall assign at least one education compliance specialist to work on compliance surveys in any year for each 40 compliance surveys required to be made under this section.";

(2) by repealing section 1795;

(3) by striking out in the table of sections at the beginning of chapter 36 of such title

"1793. Institutions listed by Attorney General."

and inserting in lieu thereof

"1793. Compliance surveys.";

and

(4) by striking out in such table of sections

"1795. Limitation on period of assistance under two or more programs.".

SEC. 513. Section 1796 of title 38, United States Code, is amended—

(1) by redesignating subsections (b) and (c) as (c) and (d), respectively; and

(2) by inserting after subsection (a) a new subsection (b) as follows:

"(b) To ensure compliance with this section, any institution offering courses approved for the enrollment of eligible persons or veterans shall maintain a complete record of all advertising, sales, or enrollment materials (and copies thereof) utilized by or on behalf of the institution during the preceding 12-month period. Such record shall be available for inspection by the State approving agency or the Administrator. Such materials shall include but are not limited to any direct mail pieces, brochures, printed literature used by sales persons, films, video tapes, and audio tapes disseminated through broadcast media, material disseminated through print media, tear sheets, leaflets, handbills, fliers, and any sales or recruitment manuals used to instruct sales personnel, agents, or representatives of such institution.".

SEC. 514. Chapter 36 of title 38, United States Code, is amended—

(1) by striking out in section 1771(a) "his" and inserting in lieu thereof "such";

(2) by striking out in section 1775(a) "he" and inserting in lieu thereof "the Commissioner";

(3) by striking out in subsections (b) and (c) of section 1777 "he", "him", "his" each time they appear and inserting in lieu thereof "the veteran or person", "the veteran or person", and "such veteran's or person's", respectively;

(4) by striking out in section 1779(b) "his" and inserting in lieu thereof "the Administrator's";

(5) by striking out in subsections (a) and (b) of section 1780 "his", "wife or widow", and "wife's or widow's" each time they appear and inserting in lieu thereof "such veteran's or person's", "spouse or surviving spouse", and "spouse's or surviving spouse's", respectively;

(6) by striking out in subsections (c) and (d) of section 1780 "his" and "he" each time they appear and inserting in lieu thereof "such veteran's or person's" and "the veteran or person", respectively;

(7) by striking out in the first sentence of section 1780(d)(2) "Subject" and inserting in lieu thereof "Notwithstanding any other provision of law, but subject";

(8) by striking out in the first sentence of section 1780(e) "Except" and inserting in lieu thereof "Notwithstanding any other provision of law, and except";

(9) by striking out in section 1780(f) "him" and inserting in lieu thereof "such veteran or person";

(10) by striking out in section 1780(h) "he" the first time it appears and inserting in lieu thereof "the Administrator" and by striking out "he" the second time it appears and inserting in lieu thereof "the veteran or person";

(11) by striking out in section 1781 "him" and inserting in lieu thereof "such person";

(12) by striking out in section 1783(a) "his" and inserting in lieu thereof "such officer's or employee's";

(13) by striking out in section 1783(b) "he" the first time it appears and inserting in lieu thereof "such person" and by striking out "he" the second time it appears and inserting in lieu thereof "the Administrator";

(14) by striking out in section 1783(d) "he" and inserting in lieu thereof "the Administrator";

(15) by striking out in subsections (a) and (b) of section 1784 "him" and inserting in lieu thereof "the Administrator";

(16) by striking out in subsections (a), (b), and (c) of section 1786 "wife and widow" and "his" each time they appear and inserting in lieu thereof "spouse or surviving spouse" and "such veteran's or spouse's", respectively;

(17) by striking out in subsections (a), (b), and (d) of section 1790 "he" each time it appears and inserting in lieu thereof "the Administrator";

(18) by striking out in subsections (a), (b), and (c) of section 1791 "his" and "he" each time they appear and inserting in lieu thereof "the veteran's or person's" and "the Administrator", respectively;

(19) by striking out in section 1794 "his" and inserting in lieu thereof "the Administrator's";

(20) by striking out in section 1796(c) (as redesignated by section 513(1) of this Act) "his" and inserting in lieu thereof "the Administrator's";

(21) by striking out in section 1798(b)(1) "he" and inserting in lieu thereof "the veteran or person" and by striking out in section 1798(e)(1) "he" and inserting in lieu thereof "the Administrator"; and

(22) by striking out in section 1799(d) "his" and inserting in lieu thereof "the Administrator's".

TITLE VI—VETERANS' EMPLOYMENT ASSISTANCE PROVISIONS

SEC. 601. (a) Section 2002 of title 38, United States Code, is amended by inserting "by an Assistant Secretary of Labor for Veterans' Employment" after "promulgated and administered".

(b) Chapter 41 of title 38, United States Code, is amended—

(1) by adding after section 2002 a new section as follows:

"§ 2002A. Veterans' Employment Service; Assistant Secretary of Labor for Veterans' Employment

"There is established within the Department of Labor a separate agency to be known as the Veterans' Employment Service. Such agency shall be headed by an Assistant Secretary of Labor for Veterans' Employment who shall be responsible, subject to the supervision and control of the Secretary of Labor, for carrying out the policies and purposes of this chapter, chapter 42, and chapter 43 of this title and for policy formulation and administrative implementation for all Department of Labor employment, unemployment, and manpower programs to the extent they affect veterans."; and

(2) by amending the table of sections at the beginning of chapter 41 of such title by inserting below

"2002. Purpose."

the following:

"2002A. Veterans' Employment Service; Assistant Secretary of Labor for Veterans' Employment.".

(c) Section 2 of the Act of April 17, 1946, as amended (29 U.S.C. 553), is amended—

(1) by striking out "five" in the first sentence of such section and inserting in lieu thereof "six"; and

(2) by adding at the end thereof a new sentence as follows: "One of such Assistant Secretaries of Labor shall be an Assistant Secretary of Labor for Veterans' Employment.".

(d) Paragraph (20) of section 5315 of title 5, United States Code, is amended by striking out "(5)" and inserting in lieu thereof "(6)".

SEC. 602. Section 2003 of title 38, United States Code, is amended—

(1) by inserting in the fourth sentence "or by prime sponsors under the Comprehensive Employment and Training Act" after "programs administered by the Secretary";

(2) by striking out "and" at the end of clause (5); and

(3) by redesignating clause (6) as clause (7) and inserting new clause (6) as follows:

"(6) promote the participation of veterans in Comprehensive Employment and Training Act programs and monitor the implementation and operation of Comprehensive Employment and Training Act programs to assure that eligible veterans receive special consideration when required; and".

SEC. 603. Section 2006(a) of title 38, United States Code, is amended by inserting in the last sentence "each" after "shall".

SEC. 604. Section 2007 of title 38, United States Code, is amended—

(1) by striking out in subsection (a)(1) "his" and inserting in lieu thereof "such veteran's and eligible person's";

(2) by inserting in the second sentence of subsection (c) "and public service employment" after "occupational training"; and

(3) by striking out in the last sentence of subsection (c) "or 2006" and inserting in lieu thereof ", 2006, or 2007(a)".

SEC. 605. Section 2012 of title 38, United States Code, is amended by adding at the end thereof a new subsection (c) as follows:

"(c) The Secretary shall include as part of the annual report required by section 2007(c) of this title the number of complaints filed pursuant to subsection (b) of this section, the actions taken thereon and the resolutions thereof. Such report shall also include the number of contractors listing suitable employment openings, the nature, types, and number of positions listed and the number of veterans receiving priority pursuant to subsection (a)(2) of this section.".

SEC. 606. Chapter 41 of title 38, United States Code, is amended—

(1) by striking out in section 2003 "he" and "his" and inserting in lieu thereof "the Secretary" and "such representative's", respectively;

(2) by striking out in section 2004 "his" and inserting in lieu thereof "such representative's" and by inserting "or eligible persons" after "eligible veterans";

(3) by striking out in section 2005 "he" and inserting in lieu thereof "the Secretary"; and

(4) by striking out in section 2008 "his" and "him" and inserting in lieu thereof "the Secretary's" and "the Administrator", respectively.

SEC. 607. Chapter 42 of title 38, United States Code, is amended—

(1) by striking out in section 2011(2) "his" and inserting in lieu thereof "the person's"; and

(2) by striking out in the first sentence of section 2012(b) "his" and inserting in lieu thereof "the contractor's".

SEC. 608. Chapter 43 of title 38, United States Code, is amended—

(1) by striking out in section 2021(a)(2)(B) "his" each time it appears and inserting in lieu thereof "the employer's";

(2) by striking out in section 2021(b)(2) "his" and "he" and inserting in lieu thereof "the person's" and "the person", respectively; and

(3) by striking out in the sixth sentence of section 2024(d) "his" each time it appears and inserting in lieu thereof "such employer's".

TITLE VII—MISCELLANEOUS AND EFFECTIVE DATE

SEC. 701. Section 3101(a) of title 38, United States Code, is amended by adding at the end thereof the following: "For the purposes of this subsection, in any case where a payee of an educational assistance allowance has designated the address of an attorney-in-fact as the payee's address for the purpose of receiving his or her benefit check and has also executed a power of attorney giving the attorney-in-fact authority to negotiate such benefit check, such action shall be deemed to be an assignment and is prohibited.".

SEC. 702. Except as otherwise provided herein, the provisions of this Act shall become effective on October 1, 1976.

Amend the title so as to read:

A bill to amend title 38, United States Code, to increase vocational rehabilitation subsistence allowances, educational and training assistance allowances, and special allowances paid to eligible veterans and persons under chapters 31, 34, and 35; to extend the basic educational assistance eligibility for veterans and for certain dependents from thirty-six to forty-five months; to improve and expand the special programs for educationally disadvantaged veterans and servicemen under chapter 34; to improve and expand the education loan program for veterans and persons eligible for benefits under chapter 34 or 35; to create a new chapter 32 (Post-Vietnam Era Veterans' Readjustment Assistance program) for those entering military service on or after January 1, 1977; to make other improvements in the educational assistance program; to clarify, codify, and strengthen the administration of educational benefits to prevent or reduce abuse; to promote the employment of veterans by improving and expanding the provisions governing the operation of the Veterans' Employment Service; and for other purposes.

INTRODUCTION

The Subcommittee on Readjustment, Education, and Employment, chaired by Senator Vance Hartke, conducted hearings on October 1 and 2, and on October 22, 1975, concerning education and employment assistance benefits and readjustment problems of veterans. In addition, the full Committee received legislative recommendations of most veterans' organizations in testimony on March 2, 8, and 24, 1976, which recommendations covered education and employment assistance. The hearings reviewed the adequacy of readjustment assistance, particularly with regard to educational benefits and employment problems of Vietnam era veterans. The hearings also examined pending legislation which included Chairman Hartke's bill S. 969, S. 760, and H.R. 9576 (the House-passed education legislation) as well as other measures pending before the subcommittee.

At the hearings on October 1 and 2, 1976, which generally were concerned with the adequacy of readjustment assistance benefits and the effect of termination of GI bill benefits for those now entering military service, the Committee received testimony from Rufus Wilson, Chief Benefits Director of the Veterans' Administration, and Donald G. Brotzman, Assistant Secretary of the Army for Manpower and Reserve Affairs. Veterans' organizations testifying included The American Legion, Veterans of Foreign Wars, Disabled American Veterans, the National Association of Concerned Veterans, Paralyzed Veterans of America, and the Non-Commissioned Officers Association of the United States of America. Testimony was also received from representatives of the American Association of Community and Junior Colleges, the American Association of State Colleges and Universities and the Division of Programs to Advance Veterans' Education of the Pennsylvania Department of Education. Additional veterans' organizations presenting testimony in the March 1976 hearings included representatives of AMVETS, and the Blinded Veterans Association. The hearing on October 22, 1975, was principally concerned with the employment problems of disabled and Vietnam era veterans, and received testimony from representatives of the Department of Labor, including the Assistant Secretary of Labor for Employment and Training Standards, the Assistant Secretary of Labor for Employment Standards Administration, and the Director of the Veterans'

Employment Service. Representatives of several veterans' organizations and the past executive secretary of the United Veterans' Committee of Colorado testified.

Following these hearings, an amendment in the nature of a substitute to S. 969 known as the Veterans' Education and Employment Assistance Act of 1976 (amendment No. 2005), was introduced on July 1, 1976, by Chairman Hartke and by Senator Stafford, ranking minority member of the Subcommittee on Readjustment, Education, and Employment. Written views of the administration and of other interested parties were extensively solicited by the Committee. The Committee received the views of the administration from the Veterans' Administration, the Department of Labor, the Department of Defense, the Civil Service Commission, and the Office of Management and Budget. Veterans' organizations submitting written testimony, with respect to the Veterans' Education and Employment Assistance Act of 1976, included The American Legion, the Veterans of Foreign Wars, Disabled American Veterans, AMVETS, Paralyzed Veterans of America, Non-Commissioned Officers Association, and the National Association of Concerned Veterans.

Other written views concerning S. 969, as amended, were received from a number of educational associations including the American Council on Education on behalf of the following organizations: American Association of Community Colleges, American Association of State Colleges and Universities, American Council on Education, Association of American Universities, Association of Jesuit Colleges and Universities, National Association of Independent Colleges and Universities, National Association of State Universities and Land Grant Colleges, and National Catholic Education Association—College and University Department. Additionally the chancellor of the University of Maryland, representatives of the State University of New York, and the legislative representative of the States Approving Agencies Association all submitted comments.

In reaching its decision, the Committee also gave careful consideration to various letters, documents, reports, and other materials submitted to it. Material of general interest to the Committee included the Veterans' Administration Education. Tuition Assistance Study (November 1975) mandated by section 105 of Public Law 93-508 and two other VA studies entitled "Completion Rates for Education and Training Under the Vietnam Era GI Bill" and "Training by Correspondence Under the GI Bill (An Indepth Analysis)" both submitted on August 10, 1976. Also of general interest to the Committee was a report by the General Accounting Office, completed at the Committee's request, "Veterans' Responses to GAO Questionnaires on the Operation and Effect of VA Educational Assistance Programs" (August 11, 1976). Finally, the report of the Subcommittee on Education, Consumer Protection of the Federal Interagency Committee on Education entitled "Toward a Federal Strategy for Protection of Consumer Education" (July 1976) and the report of the National Advisory Council on Education Professions Development entitled "Gatekeepers in Education: A Report on Institutional Training" (April 1975) of interest and value to the Committee.

As to GI bill overpayments and program abuse, the Committee carefully examined the following reports and documents: The General Accounting Office report "Educational Assistance Overpayments, A Billion Dollar Problem—A Look at the Causes, Solutions, and Collection Efforts" (March 19, 1976), the House Appropriation Committee staff report on "Overpayments of Readjustment Benefits of the Veterans' Administration" (March 5, 1976), and an investigative series on postsecondary education appearing in the Chicago Tribune between June 18 and 25, 1975. Of particular help in this area were the published hearings of the Subcommittee on Education and Training of the House of Representatives Committee on Veterans' Affairs held on April 8, 13; May 6, 29; and June 2, 1976.

On the question of termination of the GI bill for those now entering the services and consideration of possible alternatives, the Committee considered numerous documents including: "Defense Manpower: The Keystone of National Security," a report to the President and the Congress by the Defense Manpower Commission, (April 1976); "An Assessment of all Volunteer Force Recruits," General Accounting Office (February 27, 1976); "Citizen Force on Career Force Implications for Ideology in the All-Volunteer Army," Jerald Bachman and John Blair (November 1975); "Educational Benefits and the All-Volunteer Force," Charles Moskos and Morris Janowitz, (Spring 1976); "All Volunteer Armed Forces Progress, Problems and Prospects," Martin Binkin and John Johnston (June 1, 1973); "Problems Resulting From Management Practices in Recruiting, Training, and Using Non-High School Graduates and Category IV Personnel," General Accounting Office (January 12, 1976); and certain hearings conducted by the Senate Armed Services Committee in regard to Manpower, February–March 1976.

Finally, while considering veteran unemployment problems, the Committee examined a number of documents including a report by the General Accounting Office on "Veterans' Administration On-Job Training Programs" (July 9, 1975), Department of Labor special report on "Implementation of Outreach and Other Veterans' Services" (May 26, 1975), Civil Service Commission report on "Employment of Disabled and Vietnam Era Veterans in the Federal Government" (November 1975), Veterans' Administration report on "Implementation of Outreach" (May 22, 1975), "Interagency Jobs for Veterans, Advisory Committee" report for fiscal year 1975 and a Department of Labor study of "Disabled Veterans of the Vietnam Era: Employment Problems in Programs" (January 1975).

Following the Committee hearings, and review of written comments and other documents submitted to it, the Committee met in open executive session on September 1, 1976, to consider S. 969. After the addition of several amendments, they unanimously approved and ordered favorably reported S. 969 with an amendment in the nature of a substitute.

SUMMARY OF PROVISIONS OF S. 969, AS AMENDED

Basic Purpose

The Veterans' Education and Employment Assistance Act of 1976 is intended to expand and to improve further the current GI bill program. The act represents the Committee's continued oversight efforts of education and employment assistance programs. Previous legislation resulting from such oversight includes Public Law 91–219, Public Law 92–540 and the Vietnam Era Veterans' Readjustment Assistance Act of 1974 (Public Law 93–508).

As reported, S. 969 provides an 8-percent increase in the vocational rehabilitation subsistence allowance paid to disabled veterans training under chapter 31. Similar 8-percent increases in the educational training assistance allowances are authorized for veterans training under chapter 34 and for survivors and dependents training under chapter 35. Maximum entitlement to educational benefits for all eligible veterans and dependents is extended from 36 to 45 months. The Veterans' Administration direct education loan program and special programs for educationally disadvantaged veterans and servicemen are improved and expanded. Eligibility for current GI educational benefits are terminated for those entering the Armed Forces after December 31, 1976. A new chapter 32 contributory vesting educational assistance program known as the Post-Vietnam Era Veterans' Readjustment Assistance Program is established for those entering the Armed Forces on or after January 1, 1977. Provisions are included which clarify, codify, and strengthen administrative provisions of the VA educational assistance program. These provisions are designed to prevent or reduce abuses. Finally, provisions are included which strengthen current employment assistance provisions for veterans. The Act would elevate the Director of Veterans' Employment Service within the Department of Labor to assistant secretary.

Summary of Provisions

S. 969, as amended, the Veterans Education and Employment Assistance Act of 1976, contains seven titles whose provisions are more fully described hereafter.

Title I—Chapter 31, Disabled Veterans Rehabilitation Rate and Program Adjustments—of S. 969, as amended:

(1) Increases by 8 percent the subsistence allowance paid disabled veterans pursuing a course of vocational rehabilitation under chapter 31 of title 38, United States Code;

(2) Eliminates the current termination date for use by seriously disabled veterans of chapter 31 benefits when it is determined that such veterans are still in need of vocational rehabilitation; and

(3) Permits chapter 31 trainees to be trained in Federal agency facilities on the same basis as trainees under the Rehabilitation Act of 1973, thus affording disabled veterans increased opportunities for Federal employment.

Title II—Veterans' Education Rate Program Adjustments—of S. 969, as amended:

(1) Increases by 8 percent the educational assistance allowance paid eligible veterans pursuing a program of education (including farm cooperative, elementary and secondary education and preparatory educational assistance) under chapter 34 of title 38, United States Code;

(2) Increases by 8 percent the individualized tutorial assistance allowance authorized for eligible veterans with deficiencies in

subjects required as part of an approved program of education;

(3) Extends the tutorial assistance program in certain cases to veterans enrolled in institutional or technical courses not leading to a standard college degree;

(4) Authorizes full entitlement for educational assistance benefits under chapter 34 for service of less than 18 months to any eligible veteran medically discharged because of a service-connected disability;

(5) Removes the current restriction to undergraduate use of the 9 months of additional benefit entitlement granted in 1974 thus allowing a maximum of 45 months of eligibility for an approved program of education (including graduate work);

(6) Extends the 10-year delimiting period for use of VA benefits for such periods of time that a veteran is prevented from completing his or her program of education because of a physical or mental disability not the result of the veterans misconduct;

(7) Codifies existing regulations which define the terms "institution of higher learning" and "standard college degree";

(8) Directs the Administrator to conduct a study to determine the effectiveness of vocational objective courses approved for enrollment of veterans with particular emphasis as to whether there is full compliance with the provisions of section 1673(a)(2);

(9) Codifies existing regulations which limit enrollment of veterans in any independent study program other than those leading to a standard college degree and provides that benefits for a course of study exclusively by independent study shall be computed on a less than half time basis;

(10) Extends to all programs of education the requirement that no more than 85 percent of the students enrolled in certain approved courses be in receipt of VA benefits or other Federal grants.

(11) Clarifies the definition of "unsatisfactory progress" to include those situations where a veteran is not progressing at a rate which will allow the veteran to graduate within the normal period of time for completion of studies (unless the Administrator finds that there are mitigating circumstances);

(12) Amends the veteran-student services program to permit completion of a work-study agreement even if the veteran ceases to be a full-time student; and

(13) Requires the VA to make available comprehensive educational and vocational counseling to any eligible veteran who requests it.

Title III—Chapter 35, Survivors and Dependents Educational Assistance Rate and Program Adjustments—of S. 969, as amended:

(1) Increases by 8 percent the educational assistance allowance paid survivors of veterans who died of service-connected causes, and dependents of seriously disabled veterans;

(2) Extends maximum entitlement to benefits from 36 to 45 months for all persons training under chapter 35;

(3) Liberalizes the period of eligibility for use by eligible children of educational assistance benefits under chapter 35;

(4) Codifies existing regulations which define the terms "institution of higher learning" and "standard college degree";

(5) Codifies existing regulations which limit enrollment of eligible persons in any "independent study program" other than those leading to a standard college degree and provides that benefits for a course of study which is exclusively by independent study shall be computed on a less than half time basis; and

(6) Further defines "unsatisfactory progress" to include those situations where an eligible person is not progressing at a rate which will allow the eligible person to graduate within the normal time for completion of the program as certified to the Veterans' Administration (unless the Administrator finds that there are mitigating circumstances).

Title IV—Post-Vietnam Era Veterans Readjustment Assistant—of S. 969, as amended:

(1) Establishes December 31, 1976, as the terminating date for establishing eligibility for veterans' education and training benefits under chapter 34 of title 38, United States Code;

(2) Establishes for those men and women entering the Armed Forces on or after January 1, 1977, a new chapter 32 educational matching assistance program known as Post-Vietnam Era Veterans' Readjustment Assistance; and

(3) Provides that in the event involuntary induction under the Selective Service Act is reimposed by law that those entering military service after the effective date of such a change in the law shall be eligible for chapter 34 educational benefits.

Title V—Chapter 36, Education Loan and Program Administration Amendments—of S. 969, as amended:

(1) Increases by 8 percent the monthly training assistance allowance paid to eligible veterans or persons pursuing a full program of apprenticeship or other on-job training and provides similar increases for those pursuing a program of education by correspondence;

(2) Increases from $600 to $2,000 the maximum annual VA direct education loan available for eligible veterans, survivors, and dependents;

(3) Amends the VA direct education loan program to provide that interest charges on such loans shall be comparable to, but shall not exceed those charged students under other federally insured educational loan programs;

(4) Provides that the school catalogs submitted by institutions to State approving agencies contain the schools' progress requirements for graduation;

(5) Codifies existing regulations prohibiting payments for the auditing of courses and further directs that absent mitigating circumstances no payment will be authorized for any course for which the grade assigned is not used in computing the requirements for graduation;

(6) Permits continued VA payments for intervals between school terms and provides that when a veteran or eligible person transfers from one institution to another payments are permitted

providing that in either event such periods do not exceed 30 days;

(7) Increases by 8 percent the allowance paid for administrative expenses incurred by State approving agencies in supervising approved educational institutions and further authorizes subcontracting by such State agencies;

(8) Codifies existing regulations which provide that the date of interruption or termination in a program of education shall be the last date the veteran or eligible person pursued such course;

(9) Increases by $2 the reporting fee paid to institutions for each veteran or other eligible person enrolled therein;

(10) Reduces the required number of clock hours in certain vocational objective courses necessary to qualify as a full-time course;

(11) Extends the requirment of 2 years of operation to certain branches or extensions of institutions prior to VA approval for enrollment of veterans.

(12) Provides the Administrator shall not approve the enrollment of any eligible veteran or person in any correspondence course leading to a vocational objective which is normally completed in less than 6 months;

(13) Strengthens section 1796 which directs the Administrator not to approve the enrollment of veterans in any course offered by an institution utilizing the erroneous, deceptive or misleading sales or enrollment practices by requiring institutions to maintain complete records and copies of all advertising and sales materials utilized during the preceding 12-month period;

(14) Clarifies and strengthens provisions permitting VA inspection of student records to assure institutional compliance with the requirements of title 38;

(15) Strengthens and improves the education advisory committee to the Veterans' Administration;

(16) Repeals the current 48-month limitation for benefit entitlement to any person eligible and training under more than one VA educational assistance program; and

(17) Requires annual VA compliance surveys of institutions which enroll eligible veterans.

Title VI—Veterans' Employment Assistance Provisions—of S. 969, as amended:

(1) Provides that the Veterans' Employment Service within the Department of Labor shall be headed by an Assistant Secretary of Labor for Veterans' Employment; and

(2) Expands and strengthens the administrative controls to assure that eligible veterans receive satisfactory employment assistance.

Title VII—Miscellaneous and Effective Date—of S. 969, as amended:

(1) Provides that, except as otherwise specified, all provisions shall become effective on October 1, 1976; and

(2) Clarifies and strengthens provisions prohibiting the assignment of VA benefits.

In addition to the foregoing, there are a number of technical amendments to chapters 31, 34, 35, 36, 41, 42, and 43 of title 38, United States Code, including the removal of unnecessary or unwarranted gender references.

A general discussion of the more major provisions of the reported bill is set forth below. Additional background material and expressions of Committee views are set forth under the section-by-section analysis, *infra*.

Background and Discussion

Veterans' Administration Educational Assistance Programs

Educational assistance to facilitate a veteran's readjustment to civilian life has been part of American life for 32 years. Over 16.3 million veterans, almost 8 percent of the entire population of the United States, have received educational assistance under the GI bill since 1944. This includes 7.8 million under the World War II GI bill, nearly 2.4 million under the Korean conflict GI bill and more than 6.1 million trainees under the current GI bill.

The Committee believes the impact of the GI bill on the American society cannot be underestimated. For each dollar spent in educational benefits (which for the three GI bills now exceeds $40 billion), the Federal Government has received from $3 to $6 in additional tax revenue from veterans whose education has given them increased earning capacity. As the Bradley Commission concluded in 1956:

> By any standard, the readjustment program * * * was one of the greatest efforts in human history to assure the well-being of millions of persons. * * * The Commission believes there is little question that the veterans' education program has been a great benefit to millions of veterans and to the Nation. The veterans' education program was a major contribution to the national welfare, and the country would be weaker educationally, economically, and in terms of national defense, if educators, veterans' organizations, the President, and the Congress had not seen this new and momentous educational enterprise.

The Committee believes it should also be noted that in fiscal year 1976, the Veterans' Administration expended almost $5.7 billion for postsecondary student educational assistance, an amount which represents 53 percent of all such Federal expenditures.

Under the current system of educational benefits, enacted as Public Law 89–358 effective June 1, 1966 and subsequently amended in 1967, 1970, 1972, and 1974 over 6.2 million veterans and 223,000 survivors and dependents have taken advantage of their GI bill benefits. The current program provides educational benefits for a myriad of education and training courses for both veterans and wives, widows, and war orphans. The following tables show the number of veterans and dependents who have received nearly $20 billion in educational benefits during the past 10 years under the current program through fiscal year 1975, by type of program:

TABLE 1.—VETERAN TRAINEES UNDER THE CURRENT GI BILL CUMULATIVE THROUGH FISCAL YEAR 1975 BY TYPE OF TRAINING

Training programs	During fiscal year 1975	Cumulative through June 1975			
		Total	Graduate	Undergraduate	Nondegree
Total all types of training	2, 691, 566	5, 785, 548	1, 112, 527	4, 325, 621	347, 500
COLLEGE LEVEL					
Total	1, 695, 575	3, 095, 862	499, 910	2, 511, 028	34, 424
Academic degrees—field not specified—total	1, 125, 373	1, 802, 574	783, 798	1, 619, 376	
Associate in arts	339, 186	524, 018		524, 018	
Associate in science	46, 379	71, 734		71, 734	
Associate degree, n.e.c[1]	270, 018	366, 505		366, 505	
Bachelor of arts	102, 968	181, 103		181, 103	
Bachelor of science	69, 225	124, 972		124, 972	
Bachelor's degree, n.e.c	202, 314	351, 044		351, 044	
Master of arts	24, 846	45, 400	45, 400		
Master of science	10, 862	22, 592	22, 592		
Master's degree, n.e.c	47, 725	87, 625	87, 625		
Doctor of philosophy	10, 031	23, 326	23, 326		
Doctor's degree, n.e.c	1, 713	4, 034	4, 034		
Post Doctoral, n.e.c	106	221	221		
Business and commerce	168, 891	384, 478	84, 109	300, 369	
Education	45, 580	131, 412	67, 880	63, 532	
Engineering	26, 381	80, 497	12, 125	68, 372	
English and journalism	3, 304	11, 384	3, 965	7, 419	
Fine and applied arts	11, 394	30, 102	5, 811	24, 291	
Foreign languages	806	3, 142	1, 602	1, 540	
Law	16, 165	41, 280	34, 025	7, 255	
Liberal arts (major not specified)	26, 880	58, 571	1, 754	56, 817	
Life sciences—total	37, 361	98, 886	53, 429	45, 457	
Agricultural sciences	5, 122	14, 797	2, 821	11, 976	
Biological sciences	6, 869	17, 062	4, 958	12, 104	
Medical and health sciences	25, 370	67, 027	45, 650	337	
Mathematics	1, 967	7, 535	2, 323	5, 212	
Physical sciences	4, 925	15, 013	5, 682	9, 331	
Social sciences	26, 018	76, 974	31, 442	45, 532	
Theology	5, 191	12, 764	5, 420	7, 344	
Technical courses—total	164, 157	284, 165		199, 241	84, 924
Business and commerce	42, 494	69, 174		50, 922	18, 252
Engineering and related	3, 309	6, 837		6, 136	701
Medical and related	5, 133	11, 358		6, 178	5, 180
Other technician courses	113, 221	196, 796		136, 005	60, 791
All other academic fields	31, 182	57, 085	7, 145	49, 940	

	During fiscal year 1975	Total other schools	Vocational or technical post-high school	Other vocational or technical	High school
SCHOOLS OTHER THAN COLLEGE					
Total	804, 368	2, 228, 021	377, 324	1, 588, 121	262, 576
Arts	26, 547	115, 116	28, 426	85, 690	
Business	61, 430	326, 143	95, 757	236, 386	
Services	37, 379	128, 362	26, 910	101, 452	
Technical courses—total	50, 864	204, 619	58, 397	146, 222	
Electronic	34, 675	139, 388	41, 122	98, 266	
Engineering	5, 120	32, 664	5, 191	27, 473	
Legal	1, 822	8, 785	3, 488	5, 297	
Medical and related	4, 125	10, 086	4, 635	5, 451	
Other technical, n.e.c	5, 122	13, 696	3, 961	9, 735	
Trade and industrial—total	408, 926	984, 358	154, 792	829, 566	
Air-conditioning	46, 971	128, 757	17, 392	111, 365	
Construction	18, 955	40, 072	6, 119	33, 953	
Electrical and electronic	163, 553	325, 820	53, 547	272, 273	
Mechanical	115, 785	279, 378	37, 152	242, 226	
Metalwork	28, 792	74, 386	18, 234	56, 152	
Other trade and industrial	34, 870	135, 945	22, 348	113, 597	
Other institutional	174, 616	346, 154	13, 042	70, 536	262, 576
Flight training—total	44, 606	123, 269		123, 269	

TABLE 1.—VETERAN TRAINEES UNDER THE CURRENT GI BILL CUMULATIVE THROUGH FISCAL YEAR 1975 BY TYPE OF TRAINING—Continued

	During fiscal year 1975	Total job	Apprentice	Other on-job
MAJOR OCCUPATIONAL OBJECTIVE JOB TRAINING				
Total	191, 623	461, 765	235, 293	226, 472
Technical and managerial	27, 981	58, 232	3, 940	54, 232
Clerical and sales	6, 997	13, 721	1, 386	12, 335
Service occupations	23, 900	60, 495	6, 335	54, 160
Farming, fishery, forestry occupations	1, 918	3, 832	348	3, 484
Trade and industrial—total	123, 134	305, 855	213, 446	92, 389
Processing occupations	4, 860	11, 832	7, 452	4, 380
Machine trades occupations	42, 424	91, 805	63, 225	28, 580
Benchwork occupations	7, 548	16, 973	9, 750	7, 223
Structural at work occupation	68, 302	185, 245	133, 039	52, 206
Miscellaneous occupations	7, 693	19, 630	9, 818	9, 812

[1] Not elsewhere classified.

TABLE 2.—SURVIVORS AND DEPENDENTS—TRAINEES UNDER THE CURRENT GI BILL CUMULATIVE THROUGH FISCAL YEAR 1975 BY TYPE OF TRAINING—Continued

	Individuals trained cumulative through June 1975				
		All trainees			
Training programs	During fiscal year 1975	Total	Sons	Daughters	Spouses and widows/widowers
Total all types of training	87, 952	282, 626	127, 170	123, 320	32, 1[illegible]6
COLLEGE LEVEL					
Total	76, 837	228, 054	108, 018	99, 098	20, 9[illegible]8
Academic degrees, field not specified—total	53, 985	119, 810	55, 685	51, 312	12, 813
Associate in arts	12, 491	22, 087	9, 034	8, 604	4, 443
Associate in science	1, 719	3, 060	1, 185	1, 252	623
Associate degree, n.e.c.[1]	7, 862	16, 053	7, 324	6, 505	2, 224
Bachelor of arts	3, 688	17, 158	7, 616	3, 182	1, 360
Bachelor of science	4, 526	3, 900	4, 714	3, 571	615
Bachelor's degree, n.e.c	16, 701	46, 856	23, 572	20, 911	2, 373
Master of arts	611	1, 614	527	736	351
Master of science	185	436	184	158	94
Master's degree, n.e.c	1, 043	3, 132	1, 245	1, 281	606
Doctor of philosophy	136	374	193	88	93
Doctor's degree, n.e.c	23	140	91	24	25
Business and commerce	4, 391	20, 348	12, 226	6, 778	1, 344
Education	4, 170	22, 841	6, 227	14, 100	2, 514
Engineering	1, 033	6, 153	5, 905	241	7
English and journalism	333	2, 359	865	1, 374	120
Fine and applied arts	864	4, 379	2, 251	1, 960	168
Foreign languages	72	522	134	357	31
Home economics	200	1, 330	30	1, 210	90
Law	376	1, 857	1, 539	256	62
Liberal arts (major not specified)	1, 680	11, 769	5, 839	5, 547	383
Life sciences—total	3, 526	13, 490	5, 269	7, 250	971
Agricultural sciences	272	1, 405	1, 244	147	14
Biological sciences	645	2, 703	1, 766	895	42
Medical and health sciences	2, 609	9, 382	2, 259	6, 208	915
Mathematics	110	981	657	312	12
Physical sciences	225	1, 791	1, 457	225	9
Social sciencas	1, 512	8, 139	4, 299	3, 338	502
Theology	137	650	488	144	18

TABLE 2.—SURVIVORS AND DEPENDENTS—TRAINEES UNDER THE CURRENT GI BILL CUMULATIVE THROUGH FISCAL YEAR 1975 BY TYPE OF TRAINING—Continued

Training programs	Individuals trained cumulative through June 1975				
		All trainees			
	During fiscal year 1975	Total	Sons	Daughters	Spouses and widows/widowers
Technician courses—total	3, 371	8, 601	3, 937	3, 404	1, 260
Business and commerce	869	1, 786	382	845	559
Engineering and related	38	111	109	1	1
Medical and related	730	2, 203	315	1, 544	244
Other technical courses	1, 734	4, 501	3, 131	914	456
All other academic fields	852	3, 034	1, 210	1, 190	634
SCHOOLS OTHER THAN COLLEGE LEVEL					
Total	10, 629	53, 911	18, 616	24, 179	11, 116
Arts	592	2, 543	1, 573	613	357
Business	2, 528	16, 896	2, 918	10, 760	3, 218
Services	2, 713	14, 788	1, 480	9, 136	4, 172
Technical courses—total	814	3, 007	1, 575	1, 104	328
Electronic	237	940	915	12	13
Engineering	45	255	244	9	2
Medical and related	330	1, 236	163	858	215
Other technical, n.e.c	202	576	253	225	98
Trades and industrial—total	2, 649	14, 136	10, 321	2, 090	1, 725
Construction	155	543	531	5	7
Dressmaking	665	4, 487	1, 323	1, 786	1, 378
Electrical and electronic	317	1, 969	1, 863	66	40
Mechanical	728	4, 218	4, 125	67	26
Metalwork	330	1, 423	1, 366	33	24
Other trade and industrial	454	1, 496	1, 113	133	250
Other institutional	1, 333	2, 541	749	476	1, 316
ON-JOB TRAINING					
Total	486	661	536	43	82
Technical and managerial	92	121	69	17	35
Clerical and sales	22	32	14	7	11
Service occupations	50	73	48	10	15
Trade and industrial occupations	307	411	382	8	21
Miscellaneous occupations	15	24	23	1	0

[1] Not elsewhere classified.

Individuals receiving educational assistance allowances may attend approved courses at colleges, universities, business and technical schools, high schools and, in some cases, even schooling below the high school level. Assistance may also be provided for on-job training, farm training, flight training, and correspondence courses.

Some 56 percent (3,376,457) of the post-Korean and Vietnam era trainees who have used the current GI bill through May 1976, have taken college level courses. Thirty-six percent were involved in post-secondary education not leading to a standard college degree. On-job training accounted for 7.3 percent of the veteran trainees and farm cooperative training for 0.7 percent. The following table compares the types of training pursued by veterans under the World War II and Korean conflict GI bills with the type of training pursued by participants under the current bill:

TABLE 3.—GI BILL PARTICIPATION BY PROGRAM, THROUGH MAY 1976

[In percent]

Type	World War II	Korean conflict	Post-Korean and Vietnam era	Vietnam era: Veterans	Vietnam era: Service personnel
Total	100.0	100.0	100.0	100.0	100.0
College	28.6	50.7	56.0	60.5	33.8
Below college	44.6	36.0	36.0	29.4	66.2
On job	17.9	9.3	7.3	9.4	
Farm	8.9	4.0	.7	.6	

Participation Rates

Vietnam era veterans have participated in VA educational assistance programs at a greater rate (61.4 percent) than the final participation rate for either the World War II GI bill (50.5 percent) or the Korean conflict (43.4 percent). Of particular note is college-level participation which discloses that Vietnam era veterans participate at a rate twice that of World War II (60.6 percent versus 28.6 percent) all as shown in the following table:

TABLE 4.—3 GI BILLS—TOTAL NUMBER TRAINED, LEVEL OF TRAINING AND COST[1] (COMPARISON FOR WORLD WAR II, KOREAN CONFLICT, POST-KOREAN AND VIETNAM ERA)

[In thousands]

	WW-II (ended)	Korean conflict (ended)	Post-Korean total	Cumulative through November 1975: Between Korean and Vietnam era	Cumulative through November 1975: Vietnam era: Veterans	Cumulative through November 1975: Vietnam era: Service person
Total trained	7,800	2,391	6,155	1,344	4,152	659
Percent	(100.0)	(100.0)	(100.0)	(100.0)	(100.0)	(100.0)
College	2,230	1,213	3,386	704	2,479	203
Percent	(28.6)	(50.7)	(55.0)	(52.4)	(59.7)	(30.8)
Other schools	3,480	860	2,266	564	1,248	455
Percent	(44.6)	(36.0)	(36.8)	(42.0)	(30.1)	(69.1)
On-job training	1,400	223	465	61	404	
Percent	(17.9)	(9.3)	(7.6)	(4.5)	(9.7)	
Farm training	690	95	38	16	[2] 22	
Percent	(8.9)	(4.0)	(0.6)	(1.2)	(0.5)	
Cost (in billions)	$14.5	$4.5	$17.3			

---

[1] Percentages may not add to 100 percent due to rounding.

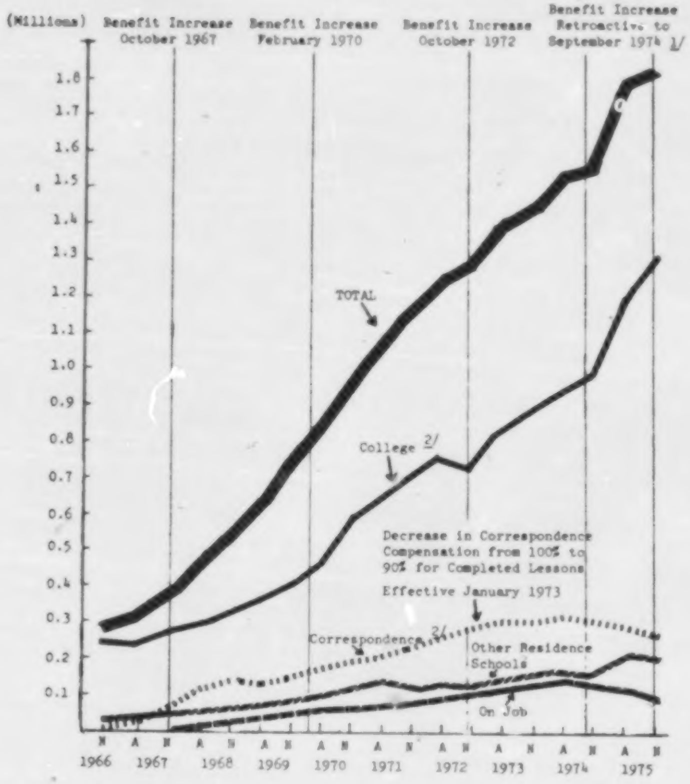
[2] Cooperative farm.

Following several years of participation rates which were at unduely low levels, the Committee is gratified that the rates have at last reached respectable levels. In 1971, for example, the rate of participation under the GI bill was only 32.7 percent.

In large part this turnabout in participation rates is directly related to the adequacy of benefit levels. The relationship between educational assistance allowances and the participation rate is demonstrated in the following chart which shows the number of veterans participating in each fiscal year since 1966.

CHART 1.—PERSONS IN TRAINING UNDER GI BILL, SUCCESSIVE APRILS AND NOVEMBERS

(November 1966 through November 1975)



1/ Enacted and approved December 3, 1974, effective retroactive to September 1974.

2/ The College category excludes training taken by correspondence. College training taken by correspondence is included in the correspondence category where it makes up less than one percent of the trainees.

It should be observed that with each increase in educational assistance rates, participation has increased, particularly following GI bill increases in 1970, 1972, and 1974. During the fall of 1971 when veterans had the full benefit of the increases provided by the 34.6-percent increases provided for in Public Law 91–219 and during the fall of 1972, when veterans had the benefit of the increases provided by Public Law 92–540 enrollment of veterans enrolled in educational programs increased by 33 percent and 8 percent, respectively, over the previous year. In the fall of 1973, the numbers participating showed a

14-percent increase over 1972, and the following year reflected a 6.4-percent increase. Subsequent to enactment of the Vietnam Era Veterans' Readjustment Assistance Act of 1974 (Public Law 93–508), the number of veteran enrollments in the fall of 1975 increased by 17.7-percent over the fall of 1974.

Need for Increases in Educational Assistance Benefits

The Committee has given careful consideration to a number of proposals to improve and expand educational assistance benefits for veterans. Although many of these proposals have merit, the Committee is cognizant of the constraints imposed by the Congressional Budget Act and this year's concurrent resolution on the budget. Although the resolution adopted by Congress, with respect to function 700—Veterans' Benefits and Services—is $2.4 billion above the President's request, it is nearly a billion dollars below that recommended by the Committee on Veterans' Affairs. Consequently, it has been necessary for the Committee to limit its consideration of increases and improvements in veterans' readjustment assistance benefits in order to assure that the congressionally adopted budget limits are not exceeded.

Since the effective date of the last increase in monthly educational assistance allowances on September 1, 1974 (from $220 to $270 a month for a single veteran), the cost of living has increased 13.9 percent as of July 1976. Pertinent data on the change in the Consumer Price Index are reflected in the following table:

TABLE 5.—U.S. DEPARTMENT OF LABOR, BUREAU OF LABOR STATISTICS CONSUMER PRICE INDEX

	1974	1975	1976
January	139.7	156.1	166.7
February	141.5	157.2	167.1
March	143.1	157.8	167.5
April	144.0	158.6	168.2
May	145.6	159.3	169.2
June	147.1	160.6	170.1
July	148.3	162.3	171.1
August	150.2	162.8	
September	151.9	163.6	
October	153.2	164.6	
November	154.3	165.6	
December	155.4	166.3	

Thus, given continued increases in the Consumer Price Index, the increase in the cost-of-living can reasonably be expected to exceed 14 percent by October 1, 1976. After a close examination of the funds made available to it under the concurrent resolution on the budget, the Committee on Veterans' Affairs adopted an increase of 8 percent, an increase which can be accommadated within the budget limits. Accordingly, the monthly full-time institutional rate for a veteran with no dependents is increased from $270 to $292. The rate for a veteran with one dependent is increased from $321 to $347 a month. The addition of a child further increases the rate from $366 to $396 a month with provision for an additional $24 a month for each dependent in excess of two. Three-quarter and one-half-time rates are also adjusted upward proportionally by an 8-percent rate.

A chronology of the development of the educational rates since the inception of the current GI bill (including those proposed by S. 969, as amended) are shown in the following table:

TABLE 6.—CHRONOLOGY OF ACTUAL AND PROPOSED EDUCATIONAL ASSISTANCE RATES

Law and type of course	Single veteran	Veteran and 1 dependent	Veteran and 2 dependents	Additional dependents
Public Law 89-358, June 1, 1966: Full-time institutional	$100	$125	$150	
Public Law 90-77, Oct. 1967:				
Full-time institutional	130	155	175	$10
Full-time cooperative farm	105	125	145	7
Full-time on job	80	90	100	
Public Law 91-219, Feb. 1, 1970:				
Full-time institutional	175	205	230	13
Full-time cooperative farm	141	165	190	10
Full-time on job	108	120	133	
Public Law 92-540, Oct. 1, 1972:				
Full-time institutional	220	261	298	18
Full-time cooperative farm	177	208	236	14
Full-time on job	160	179	196	8
Public Law 93-508, Dec. 3, 1974, retroactive to Sept. 1, 1974:				
Full-time institutional	270	321	366	22
Full-time cooperative farm	217	255	289	17
Full-time on job [1]	189	212	232	9
S. 969, as amended, Oct. 1, 1976:				
Full-time institutional	292	347	396	24
Full-time cooperative farm	235	276	313	18
Full-time on job	212	238	260	11

[1] Increased by Public Law 93-602 Jan. 1, 1976: Full-time on job	196	220	240	10

With respect to additional allowances for dependents, the Committee observes that nearly 80 percent of all veterans training on a half-time or better basis receive such additional allowances. Sixty-one percent are paid for two or more dependents, all as shown in the following table:

TABLE 7.—DEPENDENCY STATUS FOR VETERANS IN TRAINING, NOVEMBER 1975—COMPARISON FOR CURRENT GI BILL BY PEACETIME POST-KOREAN AND VIETNAM ERA VETERANS

	Total current GI bill veterans		Peacetime post-Korean veterans		Vietnam era veterans	
	All trainees	Trainees ½ time or more	All trainees	Trainees ½ time or more	All trainees	Trainees ½ time or more
Total	1,739,495	1,497,656	351,915	287,166	1,387,580	1,210,490
Percent	(100.0)	(100.0)	(100.0)	(100.0)	(100.0)	(100.0)
Not paid for dependents	560,413	318,574	83,472	18,723	476,941	299,851
Percent	(32.2)	(21.3)	(23.7)	(6.5)	(34.4)	(24.8)
Paid for 1 dependent	273,498	273,498	23,087	23,087	250,411	250,411
Percent	(15.7)	(18.3)	(6.6)	(8.0)	(18.1)	(20.7)
Paid for 2 or more dependents	905,584	905,584	245,356	245,356	660,228	660,228
Percent	(52.1)	(60.5)	(69.7)	(85.4)	(47.6)	(54.6)

Additional 9 Months of Unrestricted Eligibility

S. 969, as amended, would grant those veterans—and eligible dependents and survivors under chapter 35—entitled to up to 36 months (or 4 regular school years) of educational assistance, an additional 9 months of entitlement for the pursuit of educational programs without the limitation as to baccalaureate degree currently set forth in law. This additional school year of entitlement unrestricted as to use is identical to provisions incorporated in S. 2784 and passed by the Senate in 1974. These provisions were opposed by the administration and not accepted by the House. Currently, veterans are entitled to an additional school year (9 months) of educational assistance in order to aid them in securing an undergraduate degree. While this provision aids those who have difficulty securing their undergraduate degree in the normal period of time, it is discriminatory with respect to those who have obtained their degree without delay and does not encourage veterans to make the most efficient use of their benefits. Consequently, it penalizes industrious veterans and deprives the Nation of benefits which result from the skills acquired by this additional schooling. Thus, the reported bill encourages the most efficient and beneficial use of the additional entitlement.

Expanded VA Education Loan Program

In addition to the educational assistance allowance increases, the reported bill also significantly expands and improves the VA direct education loan program to assist those veterans or eligible persons who wish to attend higher cost institutions. Currently, a veteran without dependents receives an educational assistance allowance of $2,430 an academic year (under the reported bill, the veteran would receive $2,628) to assist in covering school and subsistence costs. In addition, veterans are eligible for the VA work/study program which provides an additional $625 a school year in assistance. Today, there are wide variations in the cost of attending various schools depending, in large part, on whether or not individual States provide significant tax subsidies to public institutions. The Office of Education, Department of Health, Education, and Welfare in its publication "Higher Education, Basic Student Charges" figures an estimated average for tuition, room, and board in the 1975–76 school year at $1,882 for public schools and $3,981 for nonpublic schools. Public 2-year school charges average $1,589 while their private counterparts average $3,012 according to the same study. The following table shows estimated average charges in current dollars for full-time, independent resident degree students in institutions of higher learning by institution type of control in the United States for the period 1960–61 to 1975–76:

TABLE 8.—ESTIMATED AVERAGE CHARGES (CURRENT DOLLARS) PER FULL-TIME UNDERGRADUATE RESIDENT DEGREE-CREDIT STUDENT IN INSTITUTIONS OF HIGHER EDUCATION, OR INSTITUTIONAL TYPE AND CONTROL: UNITED STATES, 1960-61 TO 1975-76

[Charges are for the academic year and in current unadjusted dollars]

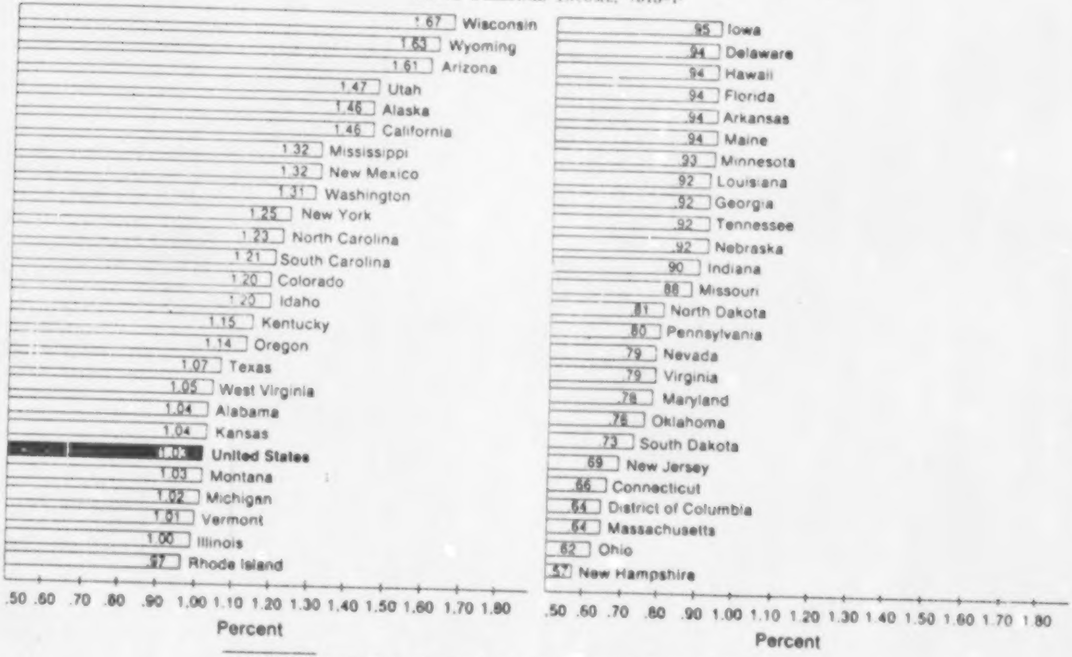
Year and control	Total tuition, board, and room				Tuition and required fees			
	All	University	Other 4-year	4-year	All	University	Other 4-year	2-year
1960-61:								
Public	$850	$919	$765	$576	$211	$252	$171	$81
Nonpublic	1, 602	1, 806	1, 503	1, 024	257	1, 001	785	490
1961-62:								
Public	869	847	768	599	218	265	182	88
Nonpublic	1, 656	1, 882	1, 570	1, 798	906	1, 059	638	337
1962-63:								
Public	901	986	814	615	722	268	192	97
Nonpublic	1, 724	2, 822	1, 608	1, 271	944	1, 149	869	600
1963-64:								
Public	926	1, 026	846	630	234	281	215	97
Nonpublic	1, 815	2, 105	1, 700	1, 313	1, 012	1, 216	935	642
1964-65:								
Public	950	1, 051	867	538	243	298	224	99
Nonpublic	1, 907	2, 202	1, 810	1, 455	1, 088	1, 297	1, 023	702
1965-66:								
Public	683	1, 106	903	671	258	327	240	109
Nonpublic	2, 804	2, 317	1, 296	1, 559	1, 154	1, 369	1, 636	769
1966-67:								
Public	1, 026	1, 171	947	710	275	360	259	121
Nonpublic	2, 124	2, 256	2, 007	1, 679	1, 233	1, 256	1, 162	845
1967-68:								
Public	1, 063	1, 199	997	790	283	366	268	144
Nonpublic	2, 294	2, 544	2, 104	1, 763	1, 297	1, 534	1, 238	293
1968-69:								
Public	1, 117	1, 245	1, 063	683	295	377	281	170
Nonpublic	2, 321	2, 673	2, 237	1, 876	1, 383	1, 638	1, 335	956
1969-70:								
Public	1, 205	1, 362	1, 137	952	324	427	307	179
Nonpublic	2, 533	2, 919	2, 420	1, 993	1, 534	1, 809	1, 469	1, 034
1970-71:								
Public	1, 288	1, 478	1, 209	1, 017	352	478	333	186
Nonpublic	2, 740	3, 163	2, 398	2, 104	1, 685	1, 981	1, 603	1, 110
1971-72:								
Public	1, 357	1, 579	1, 263	1, 073	376	526	354	192
Nonpublic	2, 917	3, 375	2, 748	2, 186	1, 820	2, 133	1, 721	1, 172
1972-73:								
Public	1, 406	1, 598	1, 341	1, 128	400	536	392	213
Nonpublic	2, 979	3, 460	2, 820	2, 248	1, 869	2, 199	1, 775	1, 213
1973-74:								
Public	1, 524	1, 691	1, 492	1, 242	445	571	453	246
Nonpublic	3, 184	3, 715	3, 030	2, 422	2, 009	2, 373	1, 971	1, 315
1974-75:								
Public	1, 708	1, 903	1, 682	1, 420	503	653	515	285
Nonpublic	3, 592	4, 193	3, 419	2, 724	2, 290	2, 701	2, 188	1, 496
1975-76:								
Public	1, 882	2, 104	1, 863	1, 589	558	731	574	322
Nonpublic	3, 981	4, 644	3, 789	3, 012	2, 558	3, 013	2, 444	1, 667

Note: Data are for the 50 States and the District of Columbia for all years.

Source: U.S. Department of Health, Education, and Welfare, Office of Education publications: (1) "Higher Education Basic Student Charges," 1961–65, 1966–69, and (2) "Opening (fall) Enrollment in Higher Education," 1961 through 1964, 1966, and 1968.

That there is wide disparity in the degree of State support for higher education as revealed by the following chart which indicates State expenditures for higher education as a percentage of State personal income:

CHART 2.—STATE EXPENDITURES [a] FOR HIGHER EDUCATION AS A PERCENTAGE OF STATE PERSONAL INCOME, 1973-74



---

[a] Includes revenue from State and local sources and State appropriations for undergraduate scholarship programs.

Sources: Revenue from State and local sources from U.S. National Center for Education Statistics, prepublication tables; State personal income from *Survey of Current Business*, August 1975.

Thus, the failure of some States to provide significant support for postsecondary education has meant that many veterans do not have access to low-cost institutions in which to enroll. The Committee concludes (as it did in 1974) that higher school costs in certain States make it less easy and less attractive for veterans to enroll which, in turn, is reflected in State participation rates. These participation rates vary widely with the highest State having an overall participation rate of 92.3 percent, significantly higher than the lowest State (35.8 percent) as shown in the following table:

TABLE 9.—CHAPTER 34: PARTICIPATION RATE FOR VIETNAM ERA VETERANS BY STATE AND TYPE OF TRAINING (CUMULATIVE THROUGH APRIL 1976)

		Trainees					
			Percent of veteran population				
	Veteran population	Total trainees	Total	College	Other residence schools [1]	On-job training	Correspondence
Grand total	8,008,000	4,350,825	54.3	32.8	8.9	5.1	7.4
United States—State total	7,917,000	4,323,941	54.6	33.0	9.0	5.2	7.5
Alabama	113,000	77,286	68.4	38.6	19.1	5.8	4.8
Alaska	14,000	7,058	50.4	29.3	10.9	4.6	5.7
Arizona	84,000	62,555	74.5	54.1	7.4	5.8	7.1
Arkansas	67,000	38,216	57.0	25.8	18.6	6.6	6.0
California	911,000	625,757	68.7	52.5	7.5	3.7	4.9
Colorado	111,000	72,834	65.6	42.6	9.5	4.4	9.1
Connecticut	118,000	51,103	43.3	23.9	5.5	7.4	6.4
Delaware	24,000	12,785	53.3	32.5	6.2	4.3	10.3
District of Columbia [2]	23,000	34,301					
Florida	293,000	169,551	57.8	35.3	11.1	4.8	6.6
Georgia	192,000	109,193	56.9	26.4	19.4	5.5	5.6
Hawaii	33,000	24,760	75.0	47.7	11.0	9.7	6.6
Idaho	28,000	16,419	58.6	36.7	5.1	5.5	11.4
Illinois	393,000	192,257	48.9	29.6	6.5	4.8	8.0
Indiana	207,000	88,502	42.8	19.3	6.9	5.1	11.5
Iowa	102,000	49,660	48.7	23.4	10.2	4.5	10.6
Kansas	83,000	46,151	55.6	33.9	9.8	4.1	7.7
Kentucky	108,000	56,200	52.0	28.8	9.2	4.0	10.1
Louisiana	118,000	67,851	57.5	28.1	14.3	8.1	7.0
Maine	38,000	21,422	56.4	28.4	10.9	9.7	7.4
Maryland	174,000	79,310	45.6	28.1	6.6	4.5	6.3
Massachusetts	231,000	98,905	42.8	28.9	5.9	3.6	4.4
Michigan	333,000	175,825	52.8	31.8	6.5	4.5	10.0
Minnesota	169,000	85,357	50.5	23.7	12.7	7.2	7.0
Mississippi	57,000	32,941	57.8	31.6	12.5	7.1	6.5
Missouri	183,000	101,642	55.5	31.6	10.2	4.9	8.8
Montana	28,000	16,348	58.4	32.2	9.9	9.0	7.3
Nebraska	55,000	32,695	59.4	32.0	10.6	9.3	7.6
Nevada	25,000	13,700	54.8	33.2	10.1	3.6	7.9
New Hampshire	36,000	16,244	45.1	26.8	4.4	7.2	6.7
New Jersey	262,000	101,846	38.9	21.6	6.2	4.3	6.7
New Mexico	38,000	28,413	74.8	43.3	16.2	5.3	10.0
New York	570,000	288,299	50.6	30.4	7.0	6.3	6.8
North Carolina	176,000	116,441	66.2	28.4	14.0	8.4	5.4
North Dakota	17,000	15,699	92.3	47.7	19.6	14.3	10.7
Ohio	410,000	180,463	44.0	23.4	6.5	4.4	9.8
Oklahoma	114,000	64,860	56.9	36.2	11.7	3.7	5.3
Oregon	105,000	55,121	52.5	36.5	5.5	5.1	5.3
Pennsylvania	442,000	192,218	43.5	19.7	7.6	5.5	10.7
Rhode Island	41,000	21,892	53.4	36.1	7.2	5.1	5.0
South Carolina	100,000	65,557	65.6	34.2	18.4	7.1	5.8
South Dakota	18,000	14,689	81.6	46.2	14.7	9.1	11.6
Tennessee	148,000	88,010	59.5	32.1	13.1	5.4	8.9
Texas	451,000	252,849	56.1	37.4	8.5	3.3	6.8
Utah	49,000	26,417	53.9	38.1	3.4	3.4	9.0
Vermont	19,000	6,795	35.8	16.6	3.8	8.4	6.9
Virginia	191,000	99,349	52.0	31.7	6.4	5.7	8.2
Washington	181,000	106,635	58.9	38.2	9.1	4.3	7.4
West Virginia	57,000	31,205	54.7	26.7	9.5	8.7	9.9
Wisconsin	164,000	82,898	50.5	25.9	7.7	5.7	11.3
Wyoming	13,000	7,667	59.0	36.9	5.2	7.4	9.5
Puerto Rico	44,000	17,673	40.2	26.2	11.9	1.1	1.0
All other [3]	47,000	9,211	19.6	16.2	1.5	.8	1.1

---

[1] The other residence schools percentage is derived by subtracting the correspondence percentage from the other schools percentage. This percentage will be slightly understated due to the small number of college level training contained in correspondece (about 1 percent).

[2] The number of trainees from the District of Columbia is overstated.

[3] Includes persons training in U.S. possessions and territories and in other countries.

In response to problems occasioned by the lack of accessible low-cost education, the Committee, in 1974, reported, and the Senate adopted, a partial tuition assistance allowance of up to $720 a school year in addition to the basic educational assistance allowances for those veterans desiring to attend higher cost institutions.

This provision was strongly opposed by both the administration and by the House conferees who, among other things, believed it would open the door to serious abuse of the type witnessed in the World War II program. In the face of this intransigence, the Committee was unable to secure approval of the partial tuition assistance allowance. It did, however, secure approval, later enacted into law over Presidential veto, of a direct education loan in the amount of $600 a school year from the Veterans' Administration to those veterans who needed the additional assistance and who were unable to secure the required amount through a federally insured loan. Currently, 23 percent of all veterans attend institutions in which the annual tuition exceeds $750, all as revealed in the following table:

TABLE 10.—DISTRIBUTION OF TUITION AND FEES (PER SCHOOL YEAR) FOR FULL-TIME TRAINEES BY TYPE OF TRAINEES

Type of training	Cost of tuition and fees									
	$1 to $249	$250 to $499	$500 to $749	$750 to $1,499	$1,500 to $2,249	$2,250 to $2,999	$3,000 and Over	Total	Mean	Median
	Percent									
Chap. 34—Total	31.2	28.1	17.5	14.3	5.7	1.7	1.5	100	$598	$416
College level:										
Public	35.6	33.8	20.2	8.4	1.6		.4	100	418	356
Private	1.7	10.0	9.8	40.2	22.6	9.6	6.1	100	1,396	1,281
Other residence schools:										
Public	74.9	14.8	5.9	2.3	.8	.8	.5	100	251	166
Private	4.9	15.6	15.0	35.8	19.9	4.0	4.8	100	1,203	1,053
Chap. 35—Total	22.2	29.5	19.8	12.6	8.6	4.2	3.1	100	771	484
College level:										
Public	25.2	36.7	23.5	9.5	4.3	.3	.5	100	511	418
Private	2.3	3.5	7.0	23.5	27.3	21.3	15.1	100	1,925	1,875
Other residence schools:										
Public	79.4	14.1	2.8	2.0	.7	1.0	------	100	210	156
Private	4.9	22.5	20.4	33.2	13.6	4.3	1.1	100	976	800

Note: Data not available on cost of tuition and fees for chap. 31 trainees. Since VA pays these costs directly to the school many veterans did not report these costs.

To date, the VA education loan program has not been utilized to the degree anticipated either by Congress or by the administration. The Committee believes that this under utilization is due, in large part, to unnecessary red tape, the lack of an effective VA outreach program to inform veterans who might benefit by the program, and the limitation of loans to a maximum of $600 per school year. Accordingly, the reported bill increases the maximum annual loan to $2,000 and reduces the interest being charged on those loans. The Committee further directs the Veterans' Administration to undertake an active and effective outreach program which will acquaint veterans of this program, particularly those who live in States with low participation rates.

Finally, the Committee wishes to emphasize the existence of other Federal student aid programs which, to varying degrees, are available to veterans as well, all as shown in the following table:

TABLE 11.—FEDERAL STUDENT AID PROGRAMS FOCUSED ON UNDERGRADUATES

[September 1975]

Program	Administrative agency	Fiscal year 1975 appropriations (millions)	Fiscal year 1976 appropriations (millions)	Institutions participating, fiscal year 1975	Students aided, fiscal year 1975	Basic eligibility	Selection process	Amount per student, fiscal year 1976
GRANTS								
Basic education opportunity grant (BEOG).	USOE	$660	$715	5,500	605,000 *	At least ½ time undergrad.	To all who apply and and meet USOE needs test.	Maximum: $1,400; minimum: $200; average: $675 (fiscal year 1975).
Supplemental education opportunity grant (SEOG).	USOE	$240	$240	3,252	305,000 *	do.	By institution to students with documented need.[1]	Maximum: $1,500; Average: $697 (fiscal year 1975).
State student incentive grants (SSIG).	USOE/States	$20[2] (States match).	$44 (States match) (H.R. 5901).	45 States, 3 territories.	80,000 *	do	State selection based on need criteria.	Maximum: $1,500 average award: $500 (fiscal year 1975)—includes State and Federal.
Social security education benefits.	SSA (HEW)	$779	$880	NA	482,000	18 22 yr dependent of S.S. eligible.	No other needs test	Several variables determine amount; estimated average: $1,000/yr.
Assistance for Indian students.	BIA (Interior)	$32	$32 (H.R. 8773).	300 (estimate)	16,000	¼ Indian blood; home on reservation.	By institution. Based on need.	From $100 to full support, includes dependent; average—(fiscal year 1975).
Nursing grants	Health Resources Administration (HEW).	$6	$4 (H.R. 8069).	1,225	6,000	Enrolled fulltime in approved program).	do	Maximum: $2,500/yr; $10,000 total; average: $1,000 (fiscal year 1975).
Law enforcement education (grants and loans).	LEAA (Justice)	$45	$40 (H.R. 8121).	1,036	100,000 (estimate).	Enrolled in undergraduate or graduate program approved by LEAA.	By institution; not based on need.	Loan maximum: $2,200/yr; grant; $400 per semester.
ROTC scholarship	DOD	$25 (fiscal year 1974).	In committee	383 (fiscal year 1974).	19,000 (fiscal year 1974).	At least 17 yr old and desire a career in the armed forces.	National competitive basis.	Amount varies depending upon tuition, books, and fees of particular school attended.
WORK STUDY								
College work study (CWS)	USOE	$420	$390	3,154	560,000*	At least half-time undergraduate or graduate.	By institution to students with documented need.[1]	Average: $481 (fiscal year 1975).

TABLE 11.—FEDERAL STUDENT AID PROGRAMS FOCUSED ON UNDERGRADUATES—Continued

[September 1975]

Program	Administrative agency	Fiscal year 1975 appropriations (millions)	Fiscal year 1976 appropriations (millions)	Institutions participating, fiscal year 1975	Students aided, fiscal year 1975	Basic eligibility	Selection process	Amount per student, fiscal year 1976
LOANS								
National direct student loan (NDSL).	USOE	$329	$332 (H.R. 5901).	2,810	680,000*	do	By institution with documented need.[1]	Maximum: $2,500 for 1st 2 yr; $5,000 maximum for undergraduate; $7,500 maximum includes both undergraduate and graduate; average: $438 (fiscal year 1975).
Federally insured student loan (FISL).	USOE	Subsidies: $382; defaults: $197.	Subsidies: $452; defaults: $202.	19,000 lenders	600,000 [3]* (FISL only), 470,000 (GSL).	do	Student finds lender; school documents enrollment status and education costs.	Maximum: $2,500/yr with $7,500 total maximum for undergraduate; $10,000 maximum includes graduate; average: $1,311 (fiscal year 1975).
Nursing loans	Health Resource Administration (HEW).	$23	$9 (H.R. 8069)	1,151	28,500	Enrolled full time in approved program.	By institution; based on need.	Maximum: $2,000/yr; average: $800 (fiscal year 1975).

[1] Most schools use 1 of 2 national services to determine expected family contribution.

[2] In fiscal year 1975, States spent $457,000,000 on State scholarships; $20,000,000 matched by Federal funds.

[3] 24 States use direct Federal insurance; the others have their own State guarantee agency for loans which the Federal Government reinsures at 80 percent. These States agencies serve an additional 470,000 students.

Source: Prepared from data supplied by appropriate agencies.

Vocational Rehabilitation for Disabled Veterans

The welfare of the 496,000 disabled Vietnam era veterans continues to be of great concern to the Committee. These are the veterans who have been and will continue to be most severely affected as a result of their military service.

Since the end of the World War II, the Congress has recognized the need for special vocational assistance, beyond compensation, to help disabled veterans find and train for a new career.

The mission of the vocational rehabilitation program is to assist service-disabled veterans in need of rehabilitation to overcome the handicapping effects of their disabilities and to prepare for, obtain, and hold productive employment. Through individualized counseling, each veteran is helped to select a suitable vocational objective and to plan a program of rehabilitation training to achieve the goal selected. The VA provides all necessary medical, prosthetic, and other services and special supplies and equipment for successful rehabilitation. VA rehabilitation staff maintain continuing close contact with the veteran throughout the training to assist as needed. While in training, the veteran receives a monthly subsistence allowance, in addition to disability compensation. The VA also pays the cost of tuition, books, and supplies to the training facility. On completing training, the veteran is helped to secure and maintain employment in the field for which he or she trained.

During fiscal year 1975, the eligibility requirements for vocational rehabilitation applicable to certain service-disabled veterans were liberalized, making benefits potentially available to many more veterans. Prior to the enactment of the Vietnam Era Veterans' Readjustment Assistance Act of 1974 (Public Law 93–508) veterans having a compensable disability rated less than 30 percent resulting from service after the Korean conflict, or during the period between World War II and the Korean conflict were not automatically eligible for the vocational rehabilitation program. Public Law 93–508 provided automatic qualification for these disabled veterans, thus applying a standard identical to that in effect for disabled veterans of World War II and the Korean conflict. Determination as to need for vocational rehabilitation is now made on the basis of the same criteria for all veterans otherwise eligible. Information about this change in the law and its meaning to them was sent to all affected veterans whose basic termination date for benefits had not passed.

Public Law 93–508, as subsequently amended by Public Law 93–602, also increased the subsistence allowance for vocational rehabilitation trainees approximately 22.7 percent over the rate in effect prior to September 1, 1974. The impact of these liberalizations on the use of vocational rehabilitation benefits began to be evidenced in the latter part of fiscal year 1975. During the period January through June 1975, the number of veterans counseled and the number who entered into training under the vocational rehabilitation program showed an increase over the numbers so served during January through June 1974. For the year as a whole, however, the rehabilitation training program decreased in size, with a total of 24,840 veterans in training, 7.9 percent fewer than the 26,974 enrolled in fiscal year 1974. This represents a continuation of the decline that has occurred each year since fiscal year 1972, when the number of veterans in rehabilitation training totaled 31,635, the peak for the Vietnam era. Of those in training in November 1975, 15,354 were attending colleges and universities, 2,366 were in trade or technical schools or in special training situations, such as rehabilitation centers, and 507 were in on-job and on-the-farm training, all as shown in the following table:

TABLE 12.—CHAPTER 31—TRAINING TIME, DEPENDENTS, FOR ALL IN TRAINING

[On Nov. 30, 1975]

	Total trainees	Percent full time	Percent paid for dependents
Grand total	15,354	81.2	74.1
Institution of higher learning (ILH) total	11,639	81.6	73.6
Graduate	617	82.0	71.8
Junior college	3,172	77.6	77.6
Degree	3,111	77.7	77.9
Nondegree	61	75.4	60.7
Other undergraduate	7,850	83.2	72.1
Degree	7,752	83.1	72.2
Nondegree	98	86.7	65.3
Other schools, total	2,366	83.1	72.3
Vocational technical	2,137	83.5	72.4
Elementary secondary	139	80.6	69.8
Spec. rehab., rest	34	73.5	73.5
Spec. rehab., voc	27	66.7	55.6
Homebound	29	89.1	93.1
Institutional on-farm	102	99.0	92.2
On-job training, total	507	96.3	85.1
Apprentice	106	94.3	82.1
Other	401	96.8	85.9
Unknown	740	57.3	79.2

Title I of S. 969, as amended, increases the monthly subsistence allowance payable to disabled veterans training under chapter 31 by 8 percent. Thus, the full-time institutional rate for a veteran with no dependent is increased from $209 to $226 a month. For a veteran with one dependent the monthly subsistence rate increases from $259 to $280; for two dependents the rate is increased from $304 to $329; and $24 is added for each dependent in excess of two. Title I also repeals the limitations of the use of vocational rehabilitation eligibility contained in chapter 31 for more seriously disabled veterans. Under the amendment, the Administrator is given discretionary authority to extend the entitlement for whatever period is necessary for the veteran based upon the veteran's disability and need for vocational rehabilitation. The reported bill also permits the utilization of Federal agencies to provide training and work experience for certain disabled veterans on an unpaid basis. Such authority is now authorized for handicapped individuals under provisions of title V of the Rehabilitation Act of 1973 (Public Law 93–112).

Finally, the Committee observes, as it did in its 1974 report, that in its review of chapter 31 it has discovered many inconsistencies and much outdated terminology. Regulations issued thereunder are of little assistance in further interpreting the chapter. The Committee thus intends and expects that the Veterans' Administration will thoroughly review chapter 31 for possible legislative and administrative changes, particularly in light of legislative action taken by Congress in the Rehabilitation Act of 1973 which substantially restructured and redefined concepts regarding handicapped individuals, and employment services, and opportunities for them. In this connection, appropriate officials of the Veterans' Administration should consult with the Commissioner of the Rehabilitation Services Administration. Following such a review, the Committee anticipates reenacting chapter 31 in order to clarify and update language which is difficult to understand and often appears to be archaic.

Benefits for Survivors and Dependents

Title III of the reported bill also expands and improves chapter 35 which provides assistance to survivors of veterans who died of service-connected causes or to dependents of those veterans whose service-connected disabilities are rated total and permanent. In existence for over 20 years, this program is the result of congressional determinations that the death, disability, or prolonged absence of the father or husband threatens the economic well-being of families. Without such a program, children might not be able to go on to school when the earning power of the veteran is not available to the family. Wives and widows often have the principal responsibility for supporting the family thrust upon them so that, in the words of former Administrator William J. Driver, "it is preferable and necessary to encourage widows to return to the 'mainstream' both economically and socially. This goal could be furthered through additional education."

In recent years, Congress has expanded and improved the programs on a number of occasions. In 1970, Public Law 91–589 extended chapter 35 assistance to spouses and children of service personnel who were listed as prisoners of war, missing in action, or interred by a foreign government for more than 90 days. Special assistance for educationally disadvantaged survivors and dependents—including free high school completion and post-secondary tutorial assistance—was also authorized for the first time by the Vietnam Era Veterans Readjustment Act of 1972 (Public Law 92–540).

Public Law 92–540 also extended additional training and educational options to chapter 35 eligible persons including postsecondary vocational objective programs and apprenticeship and on-job training

The Vietnam Era Veterans' Readjustment Assistance Act of 1974 (Public Law 93–508) further equated chapter 35 benefits with those authorized under chapter 34 by authorizing survivors and dependents to participate both in the new VA educational loan program and in institutional farm training programs. Consistent with the extension of the delimiting period for veterans under chapter 35, wives and widows were also granted another 2 years within which to use their eligibility.

The 1974 amendments also extended to chapter 35 wives and widows the same full range of employment assistance benefits (including priority referral to jobs, job training and counseling) as is mandated for eligible veterans by State employment agencies under chapter 41 of title 38.

Finally, increases of 23 percent in the educational assistance allowances were provided by Public Law 93–508.

As of November 19, 1975, there were 12,127 spouses or surviving spouses and 55,709 sons and daughters training under chapter 35. Of this number, 91 percent were intraining at the college level. The distribution of dependents by type of training is shown in the following table:

TABLE 13.—CHAPTER 35—DEPENDENTS EDUCATIONAL ASSISTANCE

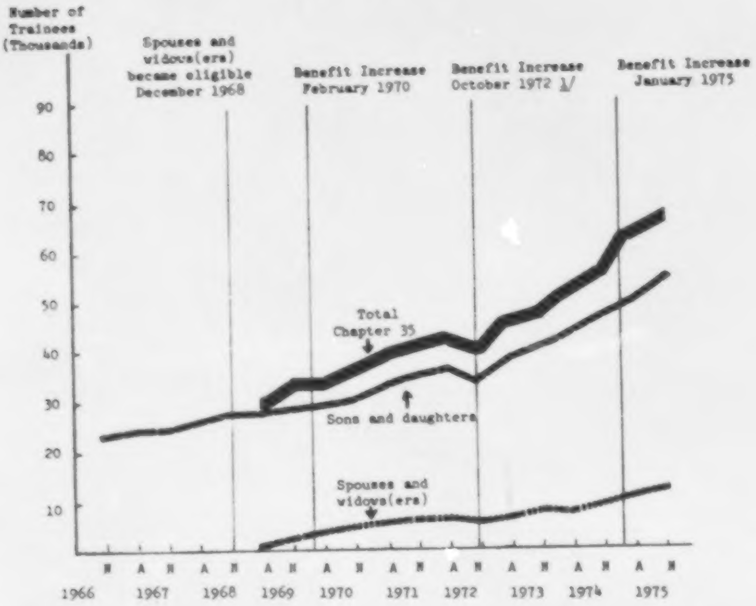
[Persons in training—November 1975]

	Total	Orphans	Children of 100 percent disabled	Widow(ers)	Spouses of 100 percent disabled	Children of service personnel missing in action	Spouses of service personnel missing in action
Total	67,836	29,550	26,092	7,635	4,454	67	38
College	61,693	27,764	24,243	6,202	3,385	65	34
Graduate	2,426	876	821	504	218	0	7
Junior college	22,853	9,260	7,822	3,718	2,027	12	14
Other undergraduate	36,414	17,628	15,600	1,980	1,140	53	13
Schools other than college	5,880	1,648	1,755	1,417	1,055	2	3
Special restorative	25	12	9	1	3	0	0
On-job training	238	126	85	15	11	0	1

The improvements and increases in the chapter 35 program are directly reflected in the rapid growth of eligible persons training under this chapter. In the past 3 years, the numbers in training have increased from 40,113 to 67,836 or an increase of 69.1 percent, all as reflected in the following chart:

Chart 3.—Persons in Training Under Chapter 35

(November 1975)



1/ New benefits were included along with the benefit increases. These included on-job training, lump sum payment for less than half-time school training and tutorial assistance when needed. Correspondence school training and free entitlement for secondary school training available to spouses and widows(ers) only.

Title III of S. 969, as amended, would further improve and expand the survivors and dependents educational assistance program. Educational assistance allowances are increased by 8 percent. Maximum eligibility for benefits is for the first time extended from 36 to 45 months for all persons training under chapter 35. The maximum period of eligibility for use of benefits for children is extended in all cases to 8 years (currently 5 years in some instances).

Consistent with past congressional efforts to equalize chapter 35 provisions with those applicable to veterans under chapter 34 whenever appropriate and feasible, title III contains a number of amendments which clarify and codify provisions with respect to independent study, satisfactory progress and the definitions of "institution of higher learning" and "standard college degree". A number of technical conforming amendments are also made to chapter 35. Finally, amendments are made to chapter 41 to include chapter 35 eligible persons among those preferred for local veteran employment representative (LVER's) positions. Because LVER's now render employment assistance services to chapter 35 eligible spouses and surviving spouses as well as to veterans, the Committee believes it is consistent to extend preference in filling those positions to them as well.

VA Education Program Administration Amendments To Curb Abuse and Overpayments

The vast majority of VA educational payments are made to veterans who are seriously pursuing an education or training program. In recent years, however, a minority of veterans and institutions have abused the program in a variety of ways resulting in improper payments. Amendments contained in the 1972 and 1974 GI bill acts were principally directed at problems the Committee had found with respect to nondegree vocational objective programs. In 1972, for example, following a report by the General Accounting Office of the low completion rates in correspondence courses, and in response to other testimony received by the Committee, the Senate passed provisions, later enacted in Public Law 92-540, which provided for full disclosure of the obligations of both the institution and veteran together with a 10-day mandatory cooling-off period. Following that period, a written affirmation of intent to be bound by the agreement was required of the veteran before he became financially obligated in any way to the correspondence school. Public Law 92-540 also required correspondence schools to refund tuition to veterans who terminate prior to course completion on a lesson completed basis rather than a time-elapsed basis.

In 1974, responding again to substantial problems manifested with respect to nondegree vocational programs, the Committee added several provisions which were enacted as part of the Vietnam Era Veterans' Readjustment Assistance Act of 1974 (Public Law 93-508).

The first of these concerned the so-called "85-15" rule, which requires, as a condition of course approval, that at least 15 percent of the enrolled not be in receipt of Federal veteran assistance payments. That rule was significantly expanded to cover many vocational courses not previously subject to it.

Second, the statutory prohibition against VA payments for courses which are avocational or recreational in character was strengthened by extending it to cover those courses with advertising containing significant avocational or recreational themes.

Third, a new section 1796 was added to title 38 which directs the Administrator not to approve enrollment of an eligible veteran or eligible person in any course offered by an institution which "utilizes advertising sales or enrollment practices of any type which are erroneous, deceptive, or misleading either by actual statement, omission, or intimation". To aid the Administrator in carrying out investigations and making determinations, the section further directed him to enter into an agreement with the Federal Trade Commission to utilize, whenever appropriate, its services and facilities. The agreement was at last entered into on January 20, 1976.

Finally, and perhaps the most important of the 1974 amendments, was the added requirement that the Arministrator not approve the enrollment of veterans in any vocational objective program which could not demonstrate that at least 50 percent of its available course graduates in a preceding 2-year period had secured employment in the occupational category for which the course was designed to provide training.

In the 2 years following the 1974 amendments, there have continued to be some problems with postsecondary vocational courses. The most significant development, however, has been the uncovering of problems and abuses with respect to veterans attending degree granting institutions. In the past several years, substantial VA overpayments have been established. These overpayments often have been the result of lack of timely notification by the veteran and/or the school, of changes in training status or of slow administrative processing of these changes by the Veterans' Administration itself. (See, for example, the March 19, 1976, GAO report "Educational Assistance Overpayments, A Billion Dollar Problem—A Look at the Causes, Solutions, and Collection Efforts".) It should be noted that most of these administrative overpayments are recovered by the Veterans' Administration generally as a result of "setoff" against subsequent VA educational entitlement payments.

Apart from these administrative problems of lack of timely notification and tardy processing, however, is mounting evidence that many veterans are enrolling in courses (often with the active encouragement and complicity of certain schools), not to pursue an education or training program, but solely to receive VA monthly assistance allowances. Although the extent of these abuses is generally unquantified and only partially reflected in established VA overpayments, compliance surveys by the Veterans' Administration in the past year reveal that it can be quite extensive at certain schools.

Consequently, the reported bill strengthens and clarifies various administrative provisions of title 38 to ensure that educational assistance benefits are paid only to those veterans who are, in fact, seriously pursuing a course of education. In earlier years, both statutory provisions and Veterans' Administration policy placed great reliance on accredited institutions of higher learning. Both the Congress and the Veterans' Administration expected that these schools would take responsibility for enforcing standards of progress which assured that veterans either proceeded to secure their degree at a normal pace or were not permitted to receive VA benefits as students in good standing. But, as the Chief Benefits Director of the Veterans' Administration testified earlier this year, there have been:

> changes in educational practices and philosophy in recent years which have been susceptible to abuses by some students. Some colleges have turned increasingly to open-door enrollment practices, nonpunitive grading, lax reporting of attendance and liberalized withdrawal policies.

Such policies, he testified, were:

> accompanied by poor recordkeeping and inadequate enforcement of standards of progress, [which] resulted in the VA paying subsistence allowance to many veterans and other eli-

> gible persons who were not actually in training. Some students would enroll for full-time training, receive benefits for a semester and then withdraw prior to examination time, without ever attending class.
>
> We had relied on institutions of higher learning to have standards of progress and to report to the Veterans' Administration promptly when they were not being met. This was necessary because the law requires that benefits to a veteran must be terminated when the recipient is not making satisfactory progress in his or her program of education.
>
> The opportunities for overpayment from such school policies have increased with our liberalized provisions for certifying periods of enrollment and verifying periods of attendance to facilitate timely and uninterrupted payments of educational benefits. These provisions have largely accomplished the goal of timely payment of benefits. But, in those cases of discontinued schooling, or reduced training time, when notification was not timely received by the Veterans' Administration, such policies resulted in substantial overpayments.

The Legislative Director of the State approving agencies testified that in the absence of more specific criteria for determining standards of progress and "with schools using a nonpunitive grading system that only computes passing grades as the grade point average (GPA) *it is impossible to have unsatisfactory progress.*"

The House Appropriations Committee study of VA overpayments, released on March 5, 1976, noted that:

> An important change has taken place in colleges—the liberalization of grading policies. VA officials said that in recent years, schools experienced a strain on their budgets that made them change their academic standards. Some schools were aggressively trying to enroll students and keep them in school. They had to increase school revenues, and quality suffered as a result. Grading policies changed to do away with punitive grades. Students were permitted to withdraw from courses or take grades of "incomplete" at the 11th hour, rather than fail courses. In the few cases where such policies were questioned, schools indignantly replied that they were independent of outside criticism because they were accredited institutions. They considered themselves immune from outside interference.
>
> By giving in a little at a time, the VA lost control over the education program. In effect, an honor system developed where the VA left it up to the veterans and the institutions to report changes and terminations; but it was not in the interests of either to do so.

The Legislative Director of the State approving agencies association was even more blunt. He testified this year that "what we have been doing is using the old honor system * * * but, we came to find out that we had the honor and the others had the system."

The following are some representative cases uncovered by House Veterans' Affairs Committee investigators after surveying the records of students at one school which was part of the committee's hearing record:

> *Case No. 1.*—The veteran in this case has been attending school on a continuous basis since January 1973. His transcript indicates that he attended 14 terms, most of them on a full-time basis. He attended 68 semester hours but earned credit for 31 or less than half. The grade point average for the full-time he attended is 1. He failed to receive a passing grade six consecutive terms starting with the winter term 1972–73. During the same period, the VA indicates that this veteran received his full educational allowances.
>
> *Case No. 2.*—This is a typical case which occurs all too frequently in the transcripts furnished the Committee. The veteran has completed two full terms starting in the fall of 1974–75. He received all F's except in three courses which he failed to complete, yet he is certified as being in good standing.
>
> *Case Nos. 3 and 4.*—The veteran failed to receive a grade point average for three straight terms, yet in good standing.
>
> *Case No. 5.*—A veteran in training since January 1973; has no grade point average for over half of the time he has been in school including the last four terms.
>
> *Case No. 6.*—The veteran has been enrolled continuously since 1971 but has a grade point average of only 1.88.
>
> *Case No. 7.*—Veteran flunked or withdrew on all courses for four consecutive terms but remained in good standing at all times and then completed last two terms with passing grades.
>
> *Case No. 8.*—Despite flunking all courses for two consecutive terms, veteran was permitted to continue the third term with no penalties.
>
> *Case No. 9.*—Veteran had been drawing full benefits though he received no grade points for nine consecutive terms.
>
> *Case No. 10.*—Veteran never passed a course for five consecutive terms yet certified to be in good standing.

The Committee wishes to emphasize that it does not undertake to assess the merits of changing educational practices with respect to enrollment policies, nonpunitive grading, attendance requirements, or liberalized withdrawal policies. But, when such policies are coupled with substantial Federal benefits, abuse, and contravention of congressional intent can result (and unfortunately has resulted). In the most recent fiscal year, the American taxpayer will fund $5.7 billion in VA educational assistance benefits. These benefits are specially predicated upon serious pursuit of educational or vocational objectives by veterans and are not intended as a gratuitous income supplement program.

As such, the Committee would be derelict in its duty if it did not prescribe procedures designed to reduce actual or potential abuse and to ensure that Federal tax dollars are spent in the manner intended by law. Accordingly, the reported bill establishes certain minimum standards and directs schools to develop within the framework established in title 38 more specific standards of progress to be applied to veterans in attendance at their respective institutions. Equally important, such standards, which are to be certified to the Veterans' Administration, must be actually enforced by schools. Schools are required by law to notify the VA promptly when a veteran ceases to maintain satisfactory progress. Generally, unsatisfactory progress, changes, withdrawals, and unscheduled interruptions must now be reported to the Veterans' Administration within 30 days of their occurrence.

Current VA regulations with respect to independent study and the auditing of courses are clarified and codified.

Other amendments in the reported bill which are intended to reduce the possibility or extent of abuse include first, extension and expansion of the "85–15" rule to all institutions enrolling veterans; and second, the deletion of existing statutory exceptions to the statutory requirement of 2 years of operation prior to VA approval of enrollment of veterans. Under the reported bill, the 2-year rule would apply to certain branches or extensions of institutions. In both of these situations, the reported provisions are intended to allow the free market mechanism to prove the worth of the course offered, by requiring that it respond to the general dictates of an open market as well as to those with available Federal moneys to spend. In the first instance at least 15 percent of the enrolled students must not be in receipt of VA payments or other Federal grants. In the second instance, the school must demonstrate that it can operate for at least 2 years independent of the influx of veterans in receipt of Federal payments.

Another amendment intended to prevent abuse prohibits veteran enrollment in correspondence courses (or the correspondence portion of a combined correspondence-residence course) leading to a vocational objective which is normally completed in less than 6 months.

Statutory provision prohibiting the assignment of veteran benefits are further clarified and strengthened.

The Administrator is also directed to carry out a study of vocational objective programs and report back to Congress within 6 months with such administrative and legislative recommendations as may be necessary and appropriate to assure that such programs are in compliance with all applicable provisions of title 38, particularly the 50-percent employment requirement (38 U.S.C. § 1673(a)(2)) previously discussed. Preliminary findings of a review of the operations of the provisions of the 50-percent rule currently being conducted by the General Accounting Office at the Committee's request would appear to indicate not only that there is insufficient VA monitoring of the data being submitted by schools but that the provision as implemented by the agency may not be fully effectuating the intent of the statute.

The provisions of section 1796 which direct the Administrator not to approve the enrollment of veterans in any course offered by an institution utilizing erroneous, deceptive, or misleading sales or enrollment practices is strengthened by requiring institutions to maintain complete records and copies of all advertising sales materials utilized by it or on its behalf during a preceding 12-month period.

New section 1793 is added to require the Administrator to conduct an annual compliance survey of most instiutions enrolling eligible veterans. These compliance surveys are intended to verify and assure the propriety of payments of educational benefits to eligible institutions and to determine whether there is any deviation from the requirements of the law by eligible individual schools or establishments. In this connection, title 38 is also clarified to assure access to pertinent student records in order to determine compliance with the provisions of title 38. The increased compliance surveys specified in the formula contained in new section 1793 will require the addition of 200 new VA compliance specialists.

Finally, the Committee wishes to emphasize that there are a number of criminal sanctions in the United States Code applicable to veterans or school officials who seriously abuse the VA educational assistance program. They include: 18 U.S.C. 1001 (false statements generally); 18 U.S.C. 371 (conspiracy to defraud); 18 U.S.C. 287, (false, fictitious, or fraudulent claim); 38 U.S.C. 3502 (fraudulent acceptance of payments); 18 U.S.C. 1341 (fraud, swindles—use of mails); 18 U.S.C. 1961–1963 (racketeering); and 31 U.S.C. 231 (False Claims Act).

Section 1001 of title 18 is directed toward any individual who knowingly and willfully conceals a material fact or makes a false, fictitious, or fraudulent statement or representation to any Federal agency. Penalties under that provision provide a fine of not more than $10,000, or imprisonment for not more than 5 years, or both.

If two or more persons conspire to commit any offense against the United States, or to defraud the United States (or any Federal agency) they are subject to a fine of not more than $10,000, or imprisonment for not more than 5 years, or both, by virtue of 18 U.S.C. 371.

Section 287 of title 18 provides that anyone who submits a false, fictitious, or fraudulent claim upon or against the United States (or any Federal agency) knowing the claim to be false, fictitious, or fraudulent, shall be fined not more than $10,000 or imprisoned for not more than 5 years, or both.

Section 3502 of title 38 provides that anyone who fraudulently accepts monetary benefits from the VA (and entitlement to those benefits has ceased) or who obtains or receives any money or check under any laws administered by the VA without being entitled to it, and with intent to defraud the United States or any beneficiary of the United States, shall be fined not more than $2,000 or imprisoned not more than 1 year, or both. Section 3502 may then be used in prosecutions of persons for receiving monetary benefits where entitlement has ceased, or persons who receive any money or check where there never was entitlement to receive such, if there is intent to defraud. In contrast to section 1001 of title 18, there need not be a specific showing that a false statement or misrepresentation was made.

Sections 1341, 1961, 1962, and 1963 of title 18 were recently utilized in indicting the principal figure in a major education fraud investigation. Section 1341 is concerned with frauds and swindles which involve the use of the Postal Service. Sections 1961–1963 are the Federal racketeering prohibitions used in connection with the mail fraud charges under section 1341. The definition of racketeering under section 1961(1)(B) includes any act indictable under section 1341.

Section 231 of title 31, United States Code, allows civil recovery for fraud in the submission of false claims. This provision allows the United States to bring a civil action for recovery because of the submission of a false, fictitious, or fraudulent claim. Section 231 allows the United States to recover $2,000 as forfeiture and, in addition, to double the amount of damages the United States may have sustained by reason of the act.

So that there is no mistaken apprehension, the Committee reemphasizes its belief that the vast majority of veteran students are seriously pursuing an education. It also believes that most institutions are concerned that the GI bill program not be abused and that all requirements of the law be complied with. The amendments made in the reported bill are intended to preserve the integrity of the program against a resourceful minority who would abuse it.

Unemployment Among Disabled and Vietnam Era Veterans

The reported bill also adopts several amendments intended to alleviate the severe unemployment problems currently experienced by disabled and Vietnam era veterans. Of these amendments, perhaps the most important is the elevation to the Assistant Secretary level within the Department of Labor of responsibility for veteran employment assistance as mandated by Chapters 41, 42 and 43 of title 38, United States Code. The consolidation of responsibilities at an appropriate level of accountability should provide a focus and direction for assistance to veterans which, to date, has been tragically lacking.

The Committee believes that the recurring unemployment problems amongst Vietnam era veterans is a sad commentary on the American society. It is discouraging to the Committee that those who bore the brunt of this Nation's involvement in Vietnam continue to bear the brunt of this Nation's economic woes. Unemployment amongst Vietnam era veterans has been a problem since the late 1960's. In early 1971, unemployment among young veterans reached as high as 12 percent with joblessness among veterans 20 to 24 years old, minority group veterans, and disabled veterans substantially higher. The Committee responded to this situation with a number of amendments designed to strengthen unemployment services provided veterans incorporated as part of the Vietnam Era Veterans' Readjustment Assistance Act of 1972 (Public Law 92-540). In addition to increasing benefits payable for those enrolled in apprenticeship and on-job training by 48 percent, the 1972 GI bill rewrote and strengthened chapter 41 relating to the job counseling, training, and placement services required to be furnished to veterans by State Employment Security Agencies. The Secretary of Labor was directed to ensure that any veteran seeking employment assistance was "promptly placed in a satisfactory job or job-training opportunity or receive some other specific form of assistance designed to enhance his employment prospects substantially, such as individual job development or employment counseling services."

Each local employment office was required to have a Local Veterans Employment Representative (LVER) unless the Secretary of Labor determined that an LVER was not needed based on a demonstrated lack of need for such services. A formula included in the statute mandated the hiring of 68 Assistant Veterans' Employment Representatives (AVERs). Unfortunately, for unemployed veterans more than a year after enactment of the 1972 GI bill only one AVER had been hired.

The 1974 GI bill included measures designed to strengthen and improve the employment services afforded Vietnam era and disabled veterans. The bill included provisions requiring most Federal contractors to institute affirmative action plans for the hiring and advancement of qualified Vietnam era and disabled veterans. Regulations implementing this section were not finally promulgated until late July 1976—over 19 months after the enactment of the 1974 GI bill and over half a year later than the date the Department of Labor had promised the Committee that they would be implemented following hearings which concerned their delay. And, to date, the Committee has yet to receive a written response to its inquiry of May 21, 1976, concerning the staffing of the compliance officers for the veterans' program. Despite testimony by Labor that full staffing of the veterans' affirmative action program would be completed by March, it is the Committee's understanding that full staffing has yet to be attained.

The 1974 GI bill further ordered the Secretary of Labor to develop specific performance standards for the "priority service" which must be given to veterans by all federally funded State employment agencies. Yet, nearly 2 years later, no specific performance standards the Labor Department itself clearly reveal that the mandate of assistance to all veterans seeking it is not being followed.

The employment problems of Vietnam era veterans, particularly younger, disabled and minority veterans, have continued unabated. Although the depressed state of the economy continues, the Committee notes that the Department of Labor minimized it as a factor responsible for the poor quality of services afforded veterans. Rather, they testified:

> We have found that the most significant variable in employment service performed to be management. Regardless of what other variables you look at, the economy, whether or not they have had a certain kind of system or organization, we find some States perform better in everything, including veterans.

The variations in State performances with regard to the placement of Vietnam veterans during fiscal year 1975 is exemplified by the following table:

TABLE 14.—EMPLOYMENT SERVICE PERFORMANCE INDICATORS RANKED BY STATE

[Vietnam veterans]

State	New applications and renewals	Individuals placed	As a percent of new applications and renewals	State rank
Iowa	18, 098	7, 519	41. 5	1
Wyoming	5, 514	2, 256	40. 9	2
South Dakota	6, 271	2, 548	40. 6	3
North Dakota	7, 692	2, 979	38. 7	4
Alaska	6, 397	2, 380	37. 2	5
Maine	7, 587	2, 797	36. 9	[1] 6
Mississippi	15, 994	5, 896	36. 9	[1] 6
Pennsylvania	43, 749	14, 889	34. 0	8
Florida	39, 364	13, 146	33. 4	9
Idaho	11, 714	3, 678	31. 4	10
Oklahoma	33, 392	10, 466	31. 3	11
Washington	32, 081	9, 885	30. 8	12
Nebraska	10, 052	3, 028	30. 1	13
Arkansas	19, 078	5, 692	29. 8	14
West Virginia	14, 750	4, 275	29. 0	[1] 15
Arizona	19, 023	5, 517	29. 0	[1] 15
Utah	14, 162	4, 122	29. 0	[1] 15
Kansas	17, 601	5, 098	29. 0	[1] 15
Texas	103, 136	29, 933	29. 0	[1] 15

See footnotes at end of table.

TABLE 14.—EMPLOYMENT SERVICE PERFORMANCE INDICATORS RANKED BY STATE—Continued

[Vietnam veterans]

State	New applications and renewals	Individuals placed	As a percent of new applications and renewals	State rank
Tennessee	21, 788	6, 182	28. 4	20
Louisiana	23, 871	6, 710	28. 1	21
Montana	9, 978	2, 785	27. 9	22
Kentucky	19, 489	5, 359	27. 5	23
Oregon	26, 233	7, 190	27. 4	24
New York	52, 297	14, 186	27. 1	25
New Mexico	13, 916	3, 644	26. 2	26
Massachusetts	28, 766	7, 463	25. 9	27
California	152, 909	38, 485	25. 2	28
Rhode Island	8, 480	2, 037	24. 0	29
Minnesota	30, 819	7, 103	23. 0	30
New Jersey	27, 791	6, 282	22. 6	31
North Carolina	44, 907	10, 094	22. 5	32
Alabama	24, 433	5, 465	22. 4	33
Illinois	51, 520	11, 328	22. 0	34
Hawaii	8, 693	1, 836	21. 1	35
Missouri	47, 221	9, 918	21. 0	36
Vermont	5, 334	1, 044	19. 6	37
Virginia	36, 415	7, 078	19. 4	38
South Carolina	23, 878	4, 493	18. 8	[1] 40
Nevada	10, 379	1, 954	18. 8	[1] 40
New Hampshire	8, 755	1, 618	18. 5	42
Wisconsin	31, 418	5, 738	18. 3	43
Indiana	44, 793	7, 845	17. 5	44
Puerto Rico	6, 377	1, 075	16. 9	[1] 45
Georgia	39, 299	6, 644	16. 9	[1] 45
Connecticut	24, 281	3, 886	16. 0	47
Maryland	21, 211	3, 316	15. 6	48
District of Columbia	8, 306	1, 236	14. 9	49
Ohio	69, 988	10, 154	14. 5	50
Michigan	60, 243	8, 490	14. 1	51
Delaware	5, 391	588	10. 9	52
Guam [2]			0	
Virgin Islands [2]			0	

[1] States which tie in percentage are given the same State ranking number and the following number is omitted.
[2] Information not available.

Despite this testimony, no specific performance standards have been issued by this Department to the States as required by law. And there has been little effective leadership or management within the Department of Labor whose performance with respect to veterans, especially younger, disabled, and minority veterans, has been decidedly less than impressive. For example, at the end of July 1976, unemployment rates for younger Vietnam veterans was 20.0 percent, or approximately twice that of similarly aged nonveterans. At the end of June (and the most recent data available) approximately 30 percent of younger minority veterans were unemployed, a rate significantly higher than the rate for similarly aged nonveterans. Services to veterans have not been satisfactory as indicated by the Department's own fiscal year 1976 ESARS data. Despite express statutory language which requires that Vietnam veterans receive some form of specific assistance, over one-third of all Vietnam vets who asked for assistance at federally funded State employment offices had their files inactivated with no reportable service at all. The number of Vietnam era veterans seeking assistance at State employment offices increased nearly 9 percent from the same period last year, the percentage of veterans counseled was down 6 percent, the percentage of job placements dropped 5 percent, and the percentage of veterans placed in jobs of 3 days duration or more declined nearly 6 percent. In addition, Comprehensive Employment and Training Act (CETA) enrollments of Vietnam era veterans (the Federal Government's primary employment assistance program) dropped drastically, while enrollment in training also declined.

The poor quality of employment services for veterans during fiscal year 1975, the most recent period for which complete data is available, is indicated by the following table:

TABLE 15.—SERVICE TO VETERANS AND OTHERS BASED ON EMPLOYMENT SECURITY AUTOMATED REPORTING SYSTEM (ESARS)—FISCAL YEAR 1975

				Veterans					
	All individuals			Total			Vietnam era		
Activity	Number	Percent A	Percent B	Number	Percent A	Percent B	Number	Percent A	Percent B
Intake (applicants available)	18,512,780	100.0		3,398,658	100.0		1,963,096	100.0	
Partially registered	2,451,754	13.2		173,322	5.1		89,068	4.5	
New applicants and renewals	15,035,431	81.2	100.0	2,723,337	80.1	100.0	1,587,733	80.9	100.0
Counseled	884,236	4.8	5.9	182,702	5.4	6.7	125,874	6.4	7.9
Interviews	872,193	4.7	5.8	180,761	5.3	6.6	124,532	6.3	7.8
Group sessions	36,649	.2	.2	5,318	.2	.2	3,809	.2	.2
Placed after counseling	213,268	1.2	1.4	51,383	1.5	1.9	37,378	1.9	2.4
Enrolled in orientation	162,565	.9	1.1	69,737	2.1	2.6	41,010	2.1	2.6
Referred to supportive service	286,529	1.5	1.9	138,154	4.1	5.1	91,993	4.7	5.8
Enrolled in training	316,983	1.7	2.1	39,429	1.2	1.4	29,853	1.5	1.9
CETA	157,664	.9	1.0	21,788	.6	.8	16,571	.8	1.0
Job development performed	1,020,642	5.5	6.8	278,462	8.2	10.2	178,433	9.1	11.2
Placed direct to job development	394,548	2.1	2.6	82,475	2.4	3.0	54,573	2.8	3.4
Referred to a job	6,125,870	33.1	40.7	238,645	36.4	45.5	807,340	41.1	50.8
Nonagricultural industry	5,933,710	32.1	39.5	1,215,381	35.8	44.6	796,542	40.6	50.2
Agricultural industry	305,616	1.7	2.0	55,445	1.6	2.0	31,334	1.6	2.0
Placed in a job	3,137,542	16.9	20.9	592,546	17.4	21.8	390,638	19.9	24.6
Nonagricultural industry	2,966,749	16.0	19.7	571,664	16.8	21.0	380,689	19.4	24.0
Over 3 days	2,768,817	15.0	18.4	531,258	15.6	19.5	360,516	18.4	22.7
Over 150 days	2,212,721	12.0	14.7	476,650	14.0	17.5	324,779	16.5	20.5
3 days or less	310,249	1.7	2.1	67,283	2.0	2.5	36,051	1.8	2.3
Agricultural industry	214,908	1.2	1.4	33,186	1.0	1.2	16,680	.8	1.1
Over 3 days	184,136	1.0	1.2	27,906	.8	1.0	14,210	.7	.9
Over 150 days	46,025	.2	.3	11,434	.3	.4	6,588	.3	.4
3 days or less	40,853	.2	.3	6,916	.2	.3	3,134	.2	.3
Special programs:									
NAB—Jobs	28,486	.2	.2	2,589	.1	.1	2,048	.1	.1
JOP	8,807	.2	.1	2,399	.1	.1	1,982	.1	.1
Apprenticeship	9,096	.04	.1	2,787	.1	.1	2,504	.1	.2
PEP	27,118	.1	.2	8,969	.3	.3	6,198	.3	.4
Tested	710,230	3.8	4.7	84,391	2.5	3.1	66,871	3.4	4.2
Referred to CETA	145,018	.8	1.0	30,273	.9	1.1	21,857	1.1	1.4
Provided some service	7,727,347	41.7	51.4	1,530,872	45.0	56.2	986,949	50.3	62.2
Inactive	13,449,491	72.6	89.5	2,470,578	72.7	90.7	1,461,583	74.5	92.1
After placement or training enrollemnt	2,940,229	15.9	19.6	546,597	16.1	20.1	364,630	18.6	23.0
After other service	3,690,992	19.9	24.5	764,104	22.5	28.1	491,166	25.0	30.9
With no service	6,818,270	36.8	45.3	1,159,877	34.1	42.6	605,787	30.9	38.2
Active file June 30	6,699,029			1,292,682			729,357		
Provided positive terminate service	3,357,189	18.1	22.3	617,062	18.2	22.7	409,167	20.8	25.8
Provided other service	4,370,158	23.6	29.0	913,810	26.9	33.6	577,782	29.4	36.4
Provided no reportable service	10,818,484	58.4	71.7	1,871,976	55.1	68.7	978,857	49.9	61.7
Intake (applicants available)	17,723,647	100.0		3,389,889	100.0		1,882,238	100.0	
Partially registered	2,226,761	12.6		143,427	4.2		72,991	3.9	
New applicants and renewals	13,306,799	75.1	100.0	2,360,666	69.6	100.0	1,347,781	71.6	100.0
Counseled	981,516	5.5	7.4	187,094	5.5	7.9	124,645	6.6	9.2
Interviews	968,108	5.5	7.3	184,499	5.4	7.8	122,738	6.5	9.1
Group sessions	44,736	.3	.3	6,967	.2	.3	5,132	.3	.4
Plated after counseling	235,317	1.3	1.8	48,707	1.4	2.1	34,472	1.8	2.6
Enrolled in orientation	106,171	.6	.8	14,326	.4	.6	9,436	.5	.7
Referred to supportive service	186,905	1.1	1.4	65,405	1.9	2.8	44,974	2.4	3.3
Enrolled in training	348,601	2.0	2.6	51,625	1.5	2.2	40,095	2.1	3.0
CETA	INA			INA			INA		
Job development performed	937,411	5.3	7.0	238,636	7.0	10.1	150,624	8.0	11.2
Placed due to job development	401,143	2.3	3.0	86,499	2.6	3.7	56,518	3.0	4.2
Referred to a job	6,203,487	35.0	46.6	INA			INA		
Nonagricultural industry	6,024,514	34.0	45.3	1,168,661	34.5	49.5	746,757	39.7	55.4
Agricultural industry	300,660	1.7	2.3	56,862	1.7	2.4	29,986	1.6	2.2

TABLE 15.—SERVICE TO VETERANS AND OTHERS BASED ON EMPLOYMENT SECURITY AUTOMATED REPORTING SYSTEM (ESARS)—FISCAL YEAR 1975

Activity	All individuals			Veterans					
				Total			Vietnam era		
	Number	Percent A	Percent B	Number	Percent A	Percent B	Number	Percent A	Percent B
Placed in a job	3,333,702	18.8	25.1	608,906	18.0	25.8	393,391	20.9	29.2
Nonagricultural industry	3,171,997	17.9	23.8	586,768	17.3	24.9	383,790	20.4	28.5
Over 3 days	2,968,808	16.8	22.3	546,694	16.1	23.2	366,043	19.4	27.2
Over 150 days	2,432,205	13.7	18.3	500,631	14.8	21.2	336,693	17.9	25.0
3 days or less	329,219	1.9	2.5	67,658	2.0	2.9	33,174	1.8	2.5
Agricultural industry	213,610	1.2	1.6	36,322	1.1	1.5	16,920	.9	1.3
Over 3 days	183,125	1.0	1.4	30,664	.9	1.3	14,532	.8	1.1
Over 150 days	51,064	.3	.4	12,597	.4	.5	6,786	.4	.5
3 days or less	40,535	.2	.3	7,502	.2	.3	3,164	.2	.2
Special programs:									
NAB-Jobs	57,535	.3	.4	7,658	.2	.3	6,210	.3	.4
JOP	31,352	.2	.2	10,489	.3	.4	8,624	.5	.6
Apprenticeship	11,689	.1	.1	3,776	.1	.2	3,311	.2	.2
PEP	78,391	.4	.6	4,405	.1	.2	3,351	.2	.2
Tested	853,521	4.8	6.4	101,516	3.0	4.3	79,196	4.2	5.9
Referred to CETA	INA			INA			INA		
Provided some service	7,651,555	43.2	57.5	1,413,975	41.7	59.9	894,421	47.5	66.4
Inactivated	13,580,637	76.6	102.1	2,603,785	76.8	110.3	1,457,065	77.4	108.1
After placement of training enrollment	3,046,692	17.2	22.9	576,978	17.0	24.4	375,330	19.9	27.8
After other service	3,982,309	22.5	29.9	825,426	24.3	35.0	504,472	26.8	37.4
With no service	6,551,636	37.0	49.2	1,201,381	35.4	50.9	577,263	30.7	42.8
Active file June 30	5,627,198	31.7	42.3	1,082,157	31.9	45.8	605,655	32.2	44.9
Provided positive terminate services	3,526,376	19.9	26.5	636,343	18.8	27.0	415,970	22.1	30.9
Provided other service	4,125,179	23.3	31.0	777,632	22.9	32.9	478,451	25.4	35.5
Provided no reportable service	10,041,135	56.7	75.5	1,970,035	58.1	83.5	983,991	52.3	73.0

Activity	Veterans					
	Handicapped			Disabled		
	Number	Percent A	Percent B	Number	Percent A	Percent B
Intake (applicants available)	389,937	100.0		166,193	100.0	
Partially registered	11,395	2.9		7,492	4.5	
New applicants and renewals	314,121	80.6	100.0	131,481	81.5	100.0
Counseled	49,851	12.8	15.9	18,438	11.1	13.6
Interviews	49,459	12.7	15.7	18,322	11.0	13.5
Group sessions	1,191	.3	.4	323	.2	.2
Placed after counseling	13,005	3.3	4.1	4,547	2.7	3.4
Enrolled in orientation	13,199	3.4	4.2	6,403	3.9	4.7
Referred to supportive service	30,588	7.8	9.7	5,348	9.7	11.3
Enrolled in training	6,656	1.7	2.1	3,318	1.4	1.7
CETA	3,828	1.0	1.2	1,264	.8	.9
Job development performed	42,331	10.9	13.5	18,401	11.1	13.6
Placed direct to job development	12,444	3.2	4.0	4,734	2.8	3.5
Referred to a job	154,721	39.7	49.3 (est.)	65,400	39.4	48.3
Nonagricultural industry	152,256	39.0	48.5	64,749	39.0	47.8
Agricultural industry	7,303	1.9	2.3	2,739	1.6	2.0
Placed in a job	75,887	19.5	24.2	30,882	18.6	22.8
Nonagriculutral industry	73,648	18.9	23.4	29,941	18.0	22.1
Over 3 days	67,604	17.3	21.5	27,708	16.7	20.5
Over 150 days	60,679	15.6	19.3	24,862	15.0	18.4
3 days or less	10,892	2.8	3.5	3,869	2.3	2.9
Agricultural industry	4,272	1.1	1.4	1,610	1.0	1.2
Over 3 days	3,457	.9	1.1	1,314	.8	1.0
Over 150 days	1,585	.4	.5	542	.3	.4
3 days or less	1,017	.3	.3	401	.2	.3
Special programs:						
NAB—Jobs	274	.1	.1	INA		
JOP	352	.1	.1	INA		
Apprenticeship	145	.03	.04	INA		
PEP	1,258	.3	.4	INA		
Tested	13,408	3.4	4.3	4,999	3.0	3.7
Referred to CETA	4,879	1.3	1.6	1,711	1.0	1.3
Provided some service	208,601	53.5	66.5	88,722	53.4	65.5
Inactive	289,862	74.3	92.3	123,845	74.5	91.4
After placement or training enrollment	70,732	18.1	22.5	28,281	17.0	20.9
After other service	105,882	27.2	33.7	46,245	27.8	34.1
With no service	113,248	29.0	36.1	49,319	29.7	36.4
Active file June 30	149,655			62,364		
Provided positive terminate service	80,093	20.5	25.5	32,382	19.5	23.9

Provideed other service	181, 573	46. 6	57. 8	77, 571	46. 7	57. 3
Provided no reportable service	372, 105	100. 0		124, 016	100. 0	
Intake (applicants available)	6, 952	1. 9		4, 082	3. 3	
Partially registered	264, 331	71. 0	100. 0	113, 445	91. 5	100. 0
New applicants and renewals	48, 603	13. 1	18. 4	16, 532	13. 3	14. 6
Counseled	48, 282	13. 0	18. 3	16, 440	13. 3	14. 5
Interviews	1, 186	. 3	. 4	346	. 3	. 3
Group sessions	12, 134	3. 3	4. 6	3, 664	3. 0	3. 2
Plated after counseling	1, 813	. 5	. 7	646	. 5	. 6
Enrolled in orientation	16, 380	4. 4	6. 2	7, 036	5. 7	6. 2
Referred to supportive service	7, 185	1. 9	2. 7	2, 546	2. 1	2. 2
Enrolled in training	INA			INA		
CETA	34, 602	9. 3	13. 1	14, 153	11. 4	12. 5
Job development performed	12, 369	3. 3	4. 7	4, 359	3. 5	3. 8
Placed due to job development	INA			INA		
Referred to a job	139, 820	37. 6	52. 9	53, 396	43. 1	47. 1
Nonagricultural industry	6, 829	1. 8	2. 6	2, 357	1. 9	2. 1
Agricultural industry	73, 839	19. 8	27. 9	26, 930	21. 7	23. 7
Placed in a job	71, 824	19. 3	27. 2	26, 153	21. 1	23. 1
Nonagricultural industry	66, 132	17. 8	25. 0	24, 329	19. 6	21. 4
Over 3 days	60, 948	16. 4	23. 1	22, 323	18. 0	19. 7
Over 150 days	10, 533	2. 8	4. 0	3, 352	2. 7	3. 0
3 days or less	4, 177	1. 1	1. 6	1, 421	1. 1	1. 3
Agricultural industry	3, 313	. 9	1. 3	1, 149	. 9	1. 0
Over 3 days	1, 641	. 4	. 6	541	. 4	. 5
Over 150 days	1, 080	. 3	. 4	348	. 3	3
3 days of less	899	. 2	. 3	INA		
Special programs:						
NAB-jobs	1, 458	. 4	. 6	INA		
JOP	176	. 04	. 1	INA		
Apprenticeship	541	. 1	. 2	INA		
PEP	14, 061	3. 8	5. 3	5, 228	4. 2	4. 6
Tested	INA			INA		
Referred to CETA	182, 216	49. 0	68. 9	69, 790	56. 3	61. 5
Provided some service	290, 394	78. 0	109. 9	93, 167	75. 1	82. 1
Inactivated:						
After placement or training enrollment	69, 656	18. 7	26. 4	21, 927	17. 7	19. 3
After other service	106, 706	28. 7	40. 4	33, 811	27. 3	29. 8
With no service	114, 032	30. 6	43. 1	37, 429	30. 2	33. 0
Active file June 30	123, 213	33. 1	46. 6	44, 020	35. 5	38. 8
Provided positive terminate services	77, 771	20. 9	29. 4	28, 330	22. 8	25. 0
Provided other service	104, 445	28. 1	39. 5	41, 410	33. 4	36. 5
Provided no reportable service	189, 464	50. 9	71. 7	54, 033	43. 6	47. 6

Activity	Nonveterans					
	Total			Male		
	Number	Percent A	Percent B	Number	Percent A	Percent B
Intake (applicants available)	15, 114, 122	100. 0		7, 175, 297	100. 0	
Partially registered	2, 278, 432	15. 1		1, 066, 257	14. 9	
New applicants and renewals	12, 362, 094	81. 8	100. 0	6, 016, 135	83. 8	100. 0
Counseled	701, 534	4. 6	5. 7	297, 484	4. 1	4. 9
Interviews	691, 432	4. 6	5. 6	293, 345	4. 1	4. 9
Group sessions	31, 331	. 2	. 3	10, 510	. 1	. 2
Placed after counseling	161, 885	1. 1	1. 3	73, 144	1. 0	1. 2
Enrolled in orientation	92, 828	. 6	. 8	32, 340	. 5	. 5
Referred to supportive service	148, 375	1. 0	1. 2	63, 996	. 9	1. 1
Enrolled in training	277, 554	1. 8	2. 2	131, 711	1. 8	2. 2
CETA	135, 876	. 9	1. 1	68, 024	. 9	1. 1
Job development performed	742, 180	4. 9	6. 0	343, 791	4. 8	5. 7
Placed direct to job development	312, 073	2. 1	2. 5 (estimate)	147, 395	2. 1	2. 4
Referred to a job	4, 887, 225	32. 3	39. 5	2, 392, 300	33. 3	39. 8
Nonagricultural industry	4, 718, 329	31. 2	38. 2	2, 293, 681	32. 0	38. 1
Agricultural industry	250, 117	1. 7	2. 0	188, 965	2. 6	3. 1
Placed in a job	2, 544, 996	16. 8	20. 6	1, 293, 133	18. 0	21. 5
Nonagricultural industry	2, 395, 085	15. 8	19. 4	1, 185, 886	16. 5	19. 7
Over 3 days	2, 237, 559	14. 8	18. 1	1, 079, 145	15. 0	17. 9
Over 150 days	1, 736, 071	11. 5	14. 0	808, 461	11. 3	13. 4
3 days or less	242, 966	1. 6	2. 0	161, 742	2. 3	2. 7
Agricultural industry	181, 722	1. 2	1. 5	134, 104	1. 9	2. 2
Over 3 days	156, 230	1. 0	1. 3	113, 198	1. 6	1. 9
Over 150 days	34, 591	. 2	. 3	29, 147	. 4	. 5
3 days or less	33, 937	. 2	. 3	27, 486	. 4	. 5
Special programs:						
NAB—Jobs	25, 897	. 2	. 2	INA		
JOB	6, 408	. 04	. 1	INA		
Apprenticeship	6, 309	. 04	. 1	INA		
PEP	18, 149	. 1	. 1	INA		
Tested	625, 839	4. 1	5. 1	191, 536	2. 7	3. 2
Referred to CETA	114, 745	. 8	. 9	56, 605	. 8	. 9
Provided some service	6, 196, 475	41. 0	50. 1	2, 921, 592	40. 7	48. 6

Activity	Nonveterans					
	Total			Male		
	Number	Percent A	Percent B	Number	Percent A	Percent B
Inactive	10, 978, 913	72. 6	88. 8	5, 358, 659	74. 7	89. 1
After placement or training enrollment	2, 393, 632	15. 8	19. 4	1, 239, 451	17. 3	20. 6
After other service	2, 926, 888	19. 4	23. 7	1, 339, 267	18. 7	22. 3
With no service	5, 658, 393	37. 4	45. 8	2, 779, 941	38. 7	46. 2
Active file June 30	5, 406, 167			2, 463, 357		
Provided positive terminate service	2, 740, 127	18. 1	22. 2	1, 381, 522	19. 3	23. 0
Provided other service	3, 456, 348	22. 9	28. 0	1, 534, 801	21. 4	25. 5
Provided no reportable service	8, 946, 508	59. 2	72. 4	4, 258, 723	59. 4	70. 8
Intake (applicants available)	14, 333, 758	100. 0		6, 641, 560	100. 0	
Partially registered	2, 083, 334	14. 5		947, 623	14. 3	
New applicants and renewals	10, 946, 133	76. 4	100. 0	5, 199, 137	78. 2	100. 0
Counseled	794, 422	5. 5	7. 3	336, 578	5. 1	6. 5
Interviews	783, 609	5. 5	7. 2	331, 944	5. 0	6. 4
Group sessions	37, 769	. 3	. 3	13, 149	. 2	. 3
Placed after counseling	186, 610	1. 3	1. 7	85, 500	1. 3	1. 6
Enrolled in orientation	91, 845	. 6	. 8	27, 824	. 4	. 5
Referred to supportive service	121, 500	. 8	1. 1	51, 920	. 8	1. 0
Enrolled in training	296, 976	2. 1	2. 7	138, 140	2. 1	2. 7
CETA	INA			INA		
Job development performed	698, 775	4. 9	6. 4	317, 456	4. 8	6. 1
Placed due to job development	314, 644	2. 2	2. 9	147, 292	2. 2	2. 8
Referred to a job	INA			INA		
Nonagricultural industry	4, 855, 853	33. 9	44. 4	2, 375, 582	35. 8	45. 7
Agricultural industry	243, 798	1. 7	2. 2	188, 100	2. 8	3. 6
Placed in a job	2, 724, 796	19. 0	24. 9	1, 401, 767	21. 1	27. 0
Nonagricultural industry	2, 585, 229	18. 0	23. 6	1, 299, 646	19. 6	25. 0
Over 3 days	2, 422, 114	16. 9	22. 1	1, 187, 688	17. 9	22. 8
Over 150 days	1, 931, 574	13. 5	17. 6	916, 454	13. 8	17. 6
3 days or less	261, 561	1. 8	2. 4	175, 652	2. 6	3. 4
Agricultural industry	177, 288	1. 2	1. 6	135, 127	2. 0	2. 6
Over 3 days	152, 461	1. 1	1. 4	113, 992	1. 7	2. 2
Over 150 days	38, 467	. 3	. 4	32, 192	. 5	. 6
3 days or less	33, 033	. 2	. 3	27, 917	. 4	. 5
Special programs:						
NAB-Jobs	49, 877	. 3	. 5	INA		
JOP	20, 863	. 1	. 2	INA		
Apprenticeship	7, 913	. 1	. 1	INA		
PEP	73, 986	. 5	. 7	INA		
Tested	725, 005	5. 2	6. 9	237, 334	3. 6	4. 6
Referred to CETA	INA			INA		
Provided some service	6, 237, 580	43. 5	57. 0	2, 937, 308	44. 2	56. 5
Inactivated	19, 977, 052	76. 6	100. 3	5, 208, 566	78. 4	100. 2
After placement or training enrollment	2, 469, 714	17. 2	22. 6	1, 289, 999	19. 4	24. 8
After other service	3, 156, 883	22. 0	28. 8	1, 440, 436	21. 7	27. 7
With no service	5, 350, 455	37. 3	48. 9	2, 478, 131	37. 3	47. 7
Active file June 30	4, 545, 041	31. 7	41. 5	2, 014, 845	30. 3	38. 8
Provided positive terminate services	2, 890, 033	20. 2	26. 4	1, 476, 359	22. 2	28. 4
Provided other service	3, 347, 547	23. 4	30. 6	1, 460, 949	22. 0	28. 1
Provided no reportable service	8, 071, 000	56. 3	73. 7	3, 693, 357	55. 6	71. 0

To make matters worse, during the past year, the General Accounting Office reported that on-the-job training slots specifically developed for veterans were going unfilled because neither the VA nor the Department of Labor had any established procedure to recontact employers and to refer eligible veterans. One out of every four employers contacted, told GAO investigators that they had a need for on-job trainees and would have accepted one or more qualified veterans had they been referred.

The Veterans' Administration has reported that there are 153,769 establishments approved for on-job trainees. Of that number, over 108,000 had no trainees whatsoever. If the Department of Labor had simply assured that each such establishment was contacted and that one veteran had been placed with each of these employers, a substantial proportion of veterans employment problems would be reduced. Yet, because of inaction, training slots have gone unfilled while the unemployment rate for veterans continues to grow larger. And while overall participation in the GI bill program increased by 17.9 percent from November 1974 to November 1975, enrollments in apprenticeship and other on-job training decreased by 28 percent.

The tragedy of the Department of Labor's failure to coordinate with the VA in regard to apprenticeship is underscored by the success of those who train under that program. For example, in 1972, a study conducted by the Veterans' Administration revealed that those veterans who had completed on-job training had higher median earnings than veterans who had completed other types of training under the GI bill. And fewer on-job training veterans failed to complete their training solely as a result of financial problems than in any other veteran readjustment program.

Preliminary findings of a study currently being conducted under the auspices of the Department of Labor indicate that the average income of those veterans who complete OJT is higher than average U.S. earnings and veterans who complete have incomes which continue to rise rapidly thereafter. The Committee believes that if properly utilized, the on-job training program has the potential to assist in easing veteran unemployment problems. Apprenticeship and on-job training assistance allowances are increased by 8 percent under the reported bill. The tragedy of underutilization is also underscored by the recent nationally publicized actions of a Cleveland Vietnam veteran concerning the failure of his ex-employer to provide opportunities, such as OJT, to Vietnam veterans. The Committee, of course, does not approve of the actions taken by the individual, but it does regard the incident as symptomatic of the frustrations of many veterans seeking employment assistance.

The Committee also notes, with approval, the action of the Senate in regard to the OJT program. Under H.R. 12957, as amended, and as passed by the Senate, Comprehensive Employment and Training Act (CETA) prime sponsors would be required to include in the comprehensive manpower plan required to be submitted to the Secretary, appropriate arrangements to promote maximum use of the VA on-job training program. The need for the amendment, the Committee on Labor and Public Welfare found was:

> underscored by the continuing high unemployment rates for veterans, particularly young, disabled, and minority group veterans.
>
> Yet in the face of this harsh data, during fiscal year 1975, only 13.6 percent of all CETA enrollees (titles I, II, and VI) were veterans. "Special Vietnam-era veterans" (those with service in Indochina or Korea) comprised only 6.9 percent of all CETA enrollees.
>
> These enrollment figures compare most unfavorably with those of veterans under the Emergency Employment Act of 1971 (EEA), where specific hiring goals were established by EEA regulations, requiring generally that 30 percent of "new

ire" positions be filled with Vietnam era veterans. In actual practice, 43 percent of all enrollees in EEA public service jobs from 1971 to 1973 were veterans. Under the EEA through FY 1974, Vietnam era veterans comprised 28.3 percent of all hires. The Committee, in its 1974 report accompanying S. 4079, noted, in connection with the subject of the absence of specific hiring goals:

> In the absence of that kind of authority attached to any public service employment bill, it is highly unlikely that veterans will get the special consideration this Committee believes they deserve.

Unfortunately, the prediction has been realized. Veterans have fared poorly under CETA. Hopefully, the amendments passed by the Senate, coupled with the amendments contained in title VI of this bill directing the Department of Labor "to promote the participation of veterans in CETA programs and monitor the implementation and operation of Comprehensive Employment and Training Act programs to assure that eligible veterans receive special consideration when required", will increase the numbers of veterans enrolled in CETA in addition to earning a glut of veterans in the lines of the unemployed.

Post-Vietnam Era Veterans' Readjustment Assistance

The reported bill attempts to achieve a reasonable balance between those who would prospectively terminate GI bill benefits and those who would allow the current program to continue without alteration. In an attempt to balance legitimate concerns about budgetary expenditures with the many advantages our Nation receives from GI bill expenditures, the reported bill creates a new post-Vietnam era veterans' educational assistance program. This program would require service personnel to make contributions from active duty military pay which has increased substantially in recent years. In turn, matching funds at the rate of $2 for each $1 contributed, will be paid by the Veterans' Administration to veterans enrolled in approved education or training programs. The new program will result in reduced future expenditures of GI bill moneys while, at the same time, helping assure a viable military force and continuing the important educational investments by our Nation in the youth of our country.

The GI bill, and the postservice educational opportunities provided by the program, has become an integral part of American life. In 32 of the past 35 years, in time of war and in time of peace, men and women who have served in the country's Armed Forces have qualified for VA educational benefits. Over 16 million people have received some form of training as a result of the benefits provided by the GI bill. Currently, GI bill benefits constitute one of the Federal Government's largest postsecondary education assistance programs. During fiscal year 1976, over $5.7 billion in GI bill moneys were expended and over 3.3 million veterans were enrolled in some form of training. As a result of the extent to which this program has become interwoven into the American life, the Committee has carefully examined the proposals which would terminate eligibility of prospective entrants into the Armed Forces for the GI educational program. The Committee, while examining the implications and ramifications of termination, has proceeded cautiously and thoroughly considered with care the advisability of providing an alternative program of educational benefits for future entrants into the Armed Forces.

It is apparent to the Committee that the Nation needs to provide some form of readjustment assistance for those who serve and those who will serve in the Armed Forces. In this connection, testimony presented by represenatives of the Veterans' Administration before the Committee in 1974 is pertinent. In response to a Committee member's question concerning the need for a GI bill in the "all-volunteer era", the VA officially responded for the record that:

> The purpose of the GI bill is to continue to provide benefits for those under the all-volunteer army serving on active duty in order to aid them in adjusting to civilian life. As long as there is a need for active-duty personnel there is a need for readjustment benefits.

Indeed, the VA's testimony, in this regard, is thoroughly consistent with the stated purposes of the current GI bill program under chapter 34 and the expressed purposes of the new GI bill program created in chapter 32. Those purposes for chapter 34 are set forth as follows:

> **§ 1651. Purpose**
>
> The Congress of the United States hereby declares that the education program created by this chapter is for the purpose of (1) enhancing and making more attractive service in the Armed Forces of the United States, (2) extending the benefits of a higher education to qualified and deserving young persons who might not otherwise be able to afford such an education, (3) providing vocational readjustment and restoring lost educational opportunities to those service men and women whose careers have been interrupted or impeded by reason of active duty after January 31, 1955, and (4) aiding such persons in attaining the vocational and educational status which they might normally have aspired to and obtained had they not served their country.

The Committee believes that most of those purposes are applicable to those entering the service today and believes that the benefits, which will be provided by chapter 32, will facilitate the transition from military to civilian life that each service person must ultimately make. As noted by M. Kent Jennings and Gregory B. Markus in their work entitled "The Effect of Military Service on Political Attitudes," "* * * the military years typically represent an interlude, a short-term deviation from preferred alternatives, an experience which is typically not seen as a means to personal goals." As indicated by the continued high unemployment rates of younger Vietnam era veterans (aged 20-24), readjustment to civilian life after release or discharge from active service remains problematic. For comparative purposes, the applicability of citing the current unemployment difficulties facing young Vietnam era veterans is substantiated by the Department of Defense's recent estimate that the average age of enlistees upon completion of the initial enlistment is approximately 22 years old. Thus, most first-term enlistees emerge from the service in their early 20's; most joined the service shortly or within 1 year after high school graduation and many never held a full-time position prior to service.

Recent testimony by the Assistant Secretary of Labor for Employment and Training before the Subcommittee on Readjustment, Education, and Employment revealed to the Committee that "the problem of transition from military to work continues to be one that we (the Department of Labor) have got to work on."

Subsequent written testimony submitted by the Department indicated that "the jobless rates for a sample of 20-24-year-old veterans was over 60 percent during the first week after discharge and did not fall below 10 percent (this was in 1974; by 1976 the percentage below which unemployment would not fall, was 20 percent), until about 1 year after separation from the armed services." The Department's testimony further revealed that "many younger vets did not have the opportunity to get into the civilian job market prior to induction into military service. As a result, the market behavior of many 20-24-year-old veterans was more closely related to 18-19-year-olds than to 20-24-year-old nonveterans * * *." This would appear to the Committee to be a clear indication that those who serve in the All-Volunteer Force will probably "fall behind" similarly aged nonservice personnel and that societal steps should be taken to counterbalance any such detrimental effect.

The Committee also concludes that the Veterans' Administration should continue as the agency responsible for aiding veterans in their readjustment to civilian life. No other agency or department has the expertise, inclination, or legislative mandate to assist those who have served the country. The Committee agrees with VA's assessment that "as long as there is a need for active-duty personnel, there is a need for readjustment benefits". And certainly as long as there is a need for readjustment benefits, there is another need for the VA. There can be little doubt that whatever its deficiencies and problems no other Federal agency is better equipped to administer the chapter 32 program of readjustment benefits.

Another important factor contributing to the Committee's determination to provide an alternative to the termination of the GI bill is its desire to continue to assist deserving young men and women in obtaining an education they might not otherwise be able to afford. The Committee is of the opinion that service in the Armed Forces should be a function supported by young people from all segments of the society. Widespread citizen participation in the Armed Forces is inherently a societal good and those who perform the task should be assisted particularly in their readjustment to civilian careers. Termination of the current GI bill, without providing a suitable alternative—such as chapter 32 contributory vesting program—would impede the upward mobility of our Nation's minorities and disadvantaged. Preliminary findings of a study currently being conducted by the Department of Labor concerning utilization of GI educational benefits, indicates that minority groups use the GI educational program in proportionately greater numbers than nonminority veterans. Minority veterans also seem to have greater readjustment difficulties than nonminority veterans. For example, unemployment rates for younger black Vietnam era veterans have consistently been around 30 percent—nearly twice as high as similarly aged black nonveterans and half again as high as similarly aged white veterans.

In a recent letter to the Committee, the American Council on Education wrote that "over the last 3 decades the GI bill has been one of the most significant factors in extending educational opportunities and advancing career prospects for disadvantaged and minority citizens. Many of the 15 million people who have received GI bill benefits would not otherwise have had the opportunity to pursue meaningful and rewarding careers. The termination of GI benefits without offsetting actions would clearly have a restrictive effect on opportunities in America."

The increasing numbers of disadvantaged youths who are currently enlisting for active duty in the Armed Forces further substantiates the need for the chapter 32 educational benefits program to assist deserving young men and women in obtaining an education they might not otherwise have been able to afford. The number of black individuals (many of whom are disadvantaged) as a percentage of enlisted accessions in the respective services is as follows:

TABLE 16.—BLACKS, AS A PERCENTAGE OF ENLISTED ACCESSIONS

[Fiscal years]

					1st half	
	1971	1972	1973	1974	1974	1975
Army	13	15	19	27	29	26
Navy	9	13	11	11	10	13
Marine Corps	13	18	19	21	21	21
Air Force	15	13	14	16	16	17
DOD	13	14	16	21	21	20

Professors Charles Moskos and Morris Janowitz of Northwestern University and the University of Chicago, respectively, recently wrote that "Reliance on marketplace forces [for attracting youth into the Armed Forces] results in an overconcentration of youth from lower socioeducational levels and racial minorities in the combat arms and in menial positions and a concomitant underrepresentation of these groups in skilled and technical position". As an example of the concentration of minority groups in combat arms, the percentage of black enlisted persons within major occupational groups is as follows:

TABLE 17.—PERCENTAGE OF BLACK ENLISTED PERSONS WITHIN MAJOR OCCUPATIONAL GROUPS

[Fiscal years]

Occupational group	Percentage of total occupational group			
	1964	1970	1974	1975
Infantry, gun crews and allied specialists [1]	16.4	15.2	19.3	21.1
Electronics equipment specialists	5.6	5.0	6.0	6.7
Communications and intelligence specialists	6.7	6.3	9.6	12.3
Medical and dental specialists	12.0	10.3	14.3	14.4
Other technical and allied specialists [2]	7.1	6.4	8.9	10.2
Administrative specialists and clerks	10.4	11.2	17.4	20.2
Electrical/mechanical equipment repairmen	7.2	7.4	11.2	12.1
Craftsmen	9.7	8.6	12.9	13.1
Service and supply handlers	17.1	17.3	21.1	21.4
Miscellaneous others	6.2	11.6	16.4	15.8

[1] Total active DOD less Air Force.

[2] Includes photography, drafting, surveying, mapping, weather, music, etc.

Source: See table V-3.

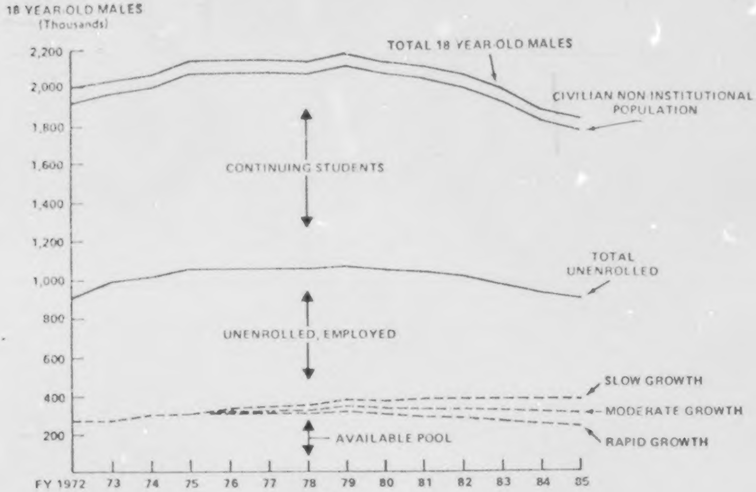
Soldiers who serve in combat arms often leave the military without having developed any technical skills readily adaptable to civilian occupations. The Committee believes that the new chapter 32 program, especially when contrasted with proposals for termination of the entire education benefits program, will enhance the opportunities for young men and women to obtain an education.

As the Committee examined the future of the GI bill, it was most concerned with the effect of termination upon the ability of the military to recruit and retain qualified young men and women. The Committee expects that the chapter 32 program will be used by the Armed Forces to promote and assist them in attracting qualified men and women to the Armed Forces.

The Committee recognizes that the GI bill, although originally devised as a readjustment program, has been successfully utilized as a recruiting incentive. For example, the Defense Manpower Commission's report to the President and the Congress in April 1976, stated that "The GI bill probably was a major reason for the relative recruiting success in the active forces during 1974 and 1975."

The Committee is also aware that prospective termination of this educational program without providing a suitable alternative could hamper the military's ability to attract and recruit qualified women. The annual Defense Department report, submitted to Congress in January of 1976, by Secretary of Defense Donald Rumsfeld, stated that "* * * *the prospective loss of GI bill educational benefits for new enlistees (are) expected to have an adverse impact on our ability to recruit high potential personnel* * * *." Army recruiting commanding general, Maj. Gen. Eugene P. Forrester, provided additional evidence when he stated that the educational benefits provided by the GI bill are needed by the services to attract "quality prospective recruits." In a speech before a group of civilians in May of this year, General Forrester forthrightly acknowledged that the pending loss of the GI bill education program would hurt recruiting. Elimination of the education program "would be a serious blow to recruiting and would have (a) particularly adverse effect on quality," the general declared. Recent studies substantiate Rumsfeld's and Forrester's prediction in regard to the ability of the services to attract quality recruits in the event of termination of eligibility for GI bill entitlement. For example, one recent study found that termination of the GI bill would cut quality recruitment by 15 percent; another indicated that termination could cause a decrement of up to 22 percent in the number of high school graduates who would be recruited into the Armed Forces. Whatever the decline, the Armed Forces can ill afford to lose the opportunity to recruit large numbers of high school graduates especially at this stage in the development of the All Volunteer Force. The available pool in the 18-year-old male population is small enough as evidenced by the following chart:

CHART 4.—COMPOSITION OF THE 18-YEAR-OLD MALE POPULATION, FISCAL YEARS 1972–85



A recent analysis, entitled "Educational Benefits and the All Volunteer Force," by two preeminent military sociologists, Moskos and Janowitz, reported that "[A]pproximately 15 percent of high school accessions into the enlisted ranks of the All Volunteer Force will be depleted if the GI bill were to be terminated. GI bill termination would most affect recruitment into the ground forces * * *." The two military sociology experts concluded from their study that "highly qualified youth are potential service entrants, providing educational benefits are offered and a short-term enlistment is available."

These conclusions are amply supported by a report prepared by the Brookings Institution entitled the "All Volunteer Armed Forces, Progress, Problems and Prospects." Submitted to the Senate Committee on Armed Services in June 1973, the report indicated that "data suggest that for a large number of potential enlistees, a paid school option might well have greater appeal than high pay. Moreover, recruits attracted by educational incentives would enhance the overall quality of the All Volunteer Force."

Additional support concerning the value of educational benefits in attracting recruits is found in the book "How to End the Draft", co-authored by Senator Robert Stafford, ranking minority member of the Subcommittee on Readjustment, Education, and Employment. On page 68 of the analysis of the future of the all-volunteer force, the authors state ". . . one valuable fact emerged from the Defense Department's survey of non-veterans between the ages of 16 and 25, when they were asked to choose the single reform that would be most likely to duce them to volunteer for military service in the absence of the draft. *The fact is that educational opportunity may be as important, if not more important, an inducement to voluntary enlistmen than pay scales* . . . ". [Emphasis supplied.]

A report authored by Jerald Bachman, and Jerome Johnston of the Institute of Social Research (ISR) of the University of Michigan, similarly concluded that paid schooling attracts quality recruits and, in turn, benefits overall society. In 1972, "Young Men and Military Service", a study prepared as a series of monographs in regard to "Youth in Transition", examined numerous enlistment incentives. Respondents were asked to rate the attractiveness of 11 different enlistment incentives (the questionnaire assumed that the Vietnam war had ended and the draft had been eliminated). Bachman and Johnston noted "* * * we were singularly impressed by one finding * * * one incentive stands out above all others: The Government agrees to pay for up to 4 years of college * * * in return for 4 years of active duty. This was selected by a margin of 4 to 1 over the second ranked incentive * * *".

Recently, Bachman and John Blair examined the various enlistment incentives in order to determine the effect that termination of GI educational benefits would have on the "ideological balance" of the Armed Forces. The research was premised in the authors' belief that a large standing national force, not subject to civilian influence, could be detrimental to the future of the democratic process.

Such a premise is not without precedent. Speaking as Publius in the Federal Papers, Alexander Hamilton devoted Federalist Papers 8, 24, 26, and 29 to the relationship of Armed Forces (including State militia) to the proposed new Federal Government. In paper No. 29, Hamilton argues that the National Government's access to the militia will "lessen the call for military establishments * * *". Hamilton points out that one benefit of using State militia is the injection of a civilian influence on the military. "* * * But if circumstances at any time oblige the Government to form an army of any magnitude that army can never be formidable while there is a large body of citizens * * * who stand ready to defend their own rights and those of their fellow citizens. This appears to me the only substitute that can be devised for a standing Army and the best possible security against it if it should exist." Although Hamilton's argument for civilian influence was a defense of the power of the Union to call up the States' militia and, as such may no longer be applicable, the thrust of the argument—the need for a civilian influence upon the military—is, by all means, pertinent.

In testimony before the Manpower Subcommittee of the Senate Armed Services Committee in February of 1976, the Assistant Secretary of Defense for Manpower and Reserve Affairs addressed the problem of a "separatist military". The Secretary stated:

> I would consider an increasing trend toward a separatist military to be a problem if the military services, especially the Army, are not recognized, respected and supported as an Amercian institution by the vast majority of our citizens. To allow the Army to become isolated from the public for which it dedicated to serve, I believe, would be detrimental to our national interest.

Bachman and Blair found evidence to support the Assistant Secretary's statement and have concluded that—

> By attracting a wide cross-section of citizens into its Armed Forces for relatively short terms of duty, the Nation can be assured of having an able military that is responsible and responsive to civilian interest. * * * Although the President and Congress may hope to save money by reducing some of the funds available for GI educational programs, they will be doing so at the dangerous expense of this important enlistment incentive which helps to ensure the ideological balance of the all-volunteer military.

As a result of their research, Bachman and Blair found that "young men attracted [to the military] by the promise of paid schooling were slightly more intelligent, showing greater ability and leadership potential". In summary, they determined that educational benefits are one of the most attractive incentives to prospective young enlistees.

The Committee believes that terminating the GI bill, without providing an alternative postservice educational benefits program, would impair the military's ability to attract sufficient numbers of quality recruits.

The Committee is aware of the difficulties that the military—particularly the ground forces—has had in attracting sufficient numbers of quality recruits. In fact, a General Accounting Office study of February 27, 1976, entitled "An Assessment of All-Volunteer Force Recruits," reported that it had "found evidence that Defense may overstate quality in its reports." This finding caused increased Committee interest in providing a postservice educational program that could be used by the military as a recruiting incentive for quality personnel.

The importance of recruiting quality personnel was emphasized by the Department of Army's Assistant Secretary for Manpower and Reserve Affairs in recent testimony before the Subcommittee on Manpower and Personnel of the Senate Committee on Armed Services. The Assistant Secretary testified:

> I would like to spend a moment explaining why the quality of recruits is so important. The key is simple. High-quality recruits make better soldiers. They are less likely to be discharged during their initial enlistment for trainability, motivational, or disciplinary reasons. This limits the turn-

> over of personnel and minimizes training and replacement costs. It contributes positively to readiness and esprit and promotes the image of the Army as a desirable place to serve.
>
> I might digress a moment to say that the Army's effort to recruit high-quality personnel reminds me of a television commercial for a popular automobile accessory, in which a service station manager says "you can pay me now or you can pay me later." Recruiting high-quality personnel follows that adage. We pay with the resources and effort which attract high-quality personnel now or we pay significantly higher costs later for added separations and replacements and in lower unit readiness.

The Committee concludes that terminating the GI bill, without providing a suitable alternative, would make more difficult the military's task of recruiting the quality personnel needed to fill the ranks of the All-Voluntary Force. The Committee is aware that hearings before the Senate Armed Services Committee last February disclosed that the services are having recruiting problems. For example, testimony revealed that the Army will "fall short of * * * quality objectives during 1976." A representative of the Navy testified that "5 of the last 6 months the Navy has barely met or fell short of its recruiting goals * * * I do not know that we can continue to attract the quality that we need especially if the economy continues to improve." Representatives of the Marine Corps testified before the Manpower Subcommittee of the Senate Armed Services Committee that "any further reduction in recruiting assets [e.g., the GI bill] in fiscal year 1977 would further jeopardize our goals of improving quality, reducing disciplinary problems, and increasing the readiness of the corps." The Committee also noted, with interest, the survey of new recruits which the Air Force recently conducted. Entitled "Basic Airmen's Values and Perceptions of Society—1976," the study revealed that recruits have an "increased desire for education with 71 percent listing it as an important reason for enlisting."

In contemplating the advisability of terminating the GI bill, the Committee also sought background from the academic community. The Committee was influenced by the following findings of Professors Moskos and Janowitz:

> (1) Since the end of the draft upward of a third of Army and Marine Corps male accessions do not possess a civilian high school diploma. This is well over double the proportion of non-high-school graduates in the populaiton at large for the relevant age group.
>
> (2) A staggering number of new accessions in the ground forces do not serve their full enlistment. The loss rate in the Army for fiscal year 1974 approached 40 percent.
>
> (3) All data dramatically and consistently show that service personnel with high school diplomas—compared to non-high-school graduates—are much more likely to complete their enlistments, have fewer disciplinary problems, and be more effective in job performance. In point of fact, high

> school graduation is a better predicator of soldierly success than mental group level. This is true regardless of racial background.
>
> (4) Army recruitment figures for 1973-74 (when such a policy was in effect) show that short terms of enlistment—2 years of active duty—were most attractive to high school graduates. Qualitative evidence indicates the large majority of these 2-year enlistments were college-bound youth.
>
> (5) GI bill seekers view education in academic, not vocational terms.

The Committee believes that the chapter 32 program will aid the services in recruiting. In regard to this contributory vesting program, Moskos and Janowitz wrote "A desirable feature in such an arrangement would be a system in which contributions by service personnel would be matched by funds paid by the Veterans' Administration."

The Committee stresses that continuation of the educational benefits program under chapter 32 is not principally a function of its desire to provide the services with a proven recruiting incentive. The Committee believes that adoption of the chapter 32 educational program, as an alternative to termination of the current GI bill, will be an important and necessary societal asset in easing the transitional problems which frequently occur upon termination of one's military service. In addition to the individual men and women who will need assistance, the Nation as a whole will benefit from this increased education and training.

For example, The American Council on Education, in a written statement submitted to the Committee, although urging that the present program be retained said, "If it is the will of Congress that the program (GI bill) be modified at the present time, however, the new program which would be established by your amendment (Amend. No. 2005) to S. 969 seems to offer a constrictive way to help meet the needs of servicemen and veterans, as well as the military."

The Paralyzed Veterans of America (PVA) in a statement presented by Larry Roffee, their legislative director, testified that "We believe the advantages which accrue to the individual veteran, in terms of increased opportunities, higher income, and greater self-esteem from postsecondary education or training alone, merit the continuation of a GI bill. We also believe advantages accrue to society as a whole from the veterans having increased education levels * * *. It is also the PVA's position that the current education entitlements * * * must be viewed as readjustment benefits * * *. PVA feels the Post-Vietnam Era Veterans' Assistance Act * * * is a very imaginative and feasible program to insure the continuation of education and training benefits for future veterans * * *. The proposed program has PVA's wholehearted endorsement."

The American Legion testified that they supported a strong national defense and a program of attracting qualified men and women into our Armed Forces—both of which would be aided by an educational assistance program designed to stimulate enlistments in the Armed Forces.

The National Association of Concerned Veterans (NACV) called the new chapter 32 program "a fine piece of legislation." Noting that the "GI bill is an investment, not a 'give-away' program," NACV testified that it had "long been the position of NACV to continue the GI bill."

The American Veterans of World War II, Korea, and Vietnam, (AMVETS) in a letter to Chairman Hartke, stated:

> As per the mandate of our 32d National Convention held recently in Philadelphia, AMVETS is in full concurrence with chapter 32—The Post-Vietnam Era Veterans' Readjustment Assistance Act. This new innovative direction brings about a well-defined distinction between wartime and peacetime benefits. The fact that the peacetime serviceman must contribute toward his future education further adds to that distinction.
>
> Thus, AMVETS favors this alternative to discontinuing the GI bill as we have previously known it. Since AMVETS has historically supported education and training for wartime veterans as sacred, we strongly support section 407 of title IV which provides that in the event universal military training is reimposed by law that those answering military service after the effective date of such a change shall be eligible for chapter 34 educational benefits.

The chapter 32 program, adopted as the alternative to the termination of the GI bill, is similar in nature to an "educational pension plan". Were it not for postservice educational benefits, an individual who serves only one tour of duty (a citizen soldier) would leave the service without the assistance of any program designed to aid him readjust. According to data furnished to the Committee, only 12.7 percent of those in grade E–1, 13.0 percent of those in grade E–2, and 15.2 percent of those in grade E–3 can be expected to retire from the military. The vast majority will not receive any form of pension currently authorized for individuals who have served 20 years. Thus, the Committee structured the new program in the form of a contributory educational "pension plan." Contributions of $50 to $75 a month are required in order to be eligible for VA matching funds.

The Committee believes that the amount that each participant is required to make each month is reasonable. In this regard, the following table shows selected examples of annual compensation and benefits for military personnel:

TABLE 18.—SELECTED EXAMPLES OF ANNUAL COMPENSATION AND BENEFITS FOR MILITARY PERSONNEL

[Pay scales as of Oct. 1, 1975]

Pay grade	Length of service	Number of dependents	Retirement		Health care [3]	Commissary and exchange [4]	FICA [5]	Total benefits [6]	Compensation (RMC)	Total compensation and benefits
			Actuarial valuation [1]	Percent expected to retire [2]						
O-10	26	1	$6, 884	98. 7	869	$139	$825	$8, 717	$45, 894	$54, 611
O-9	26	2	6, 871	98. 7	1, 172	139	825	9, 007	45, 808	54, 815
O-8	26	2	6, 871	98. 7	1, 172	139	825	9, 007	45, 808	54, 815
O-7	26	2	6, 098	98. 6	1, 172	139	825	8, 234	40, 652	48, 886
O-6	26	3	5, 330	98. 0	1, 477	139	825	7, 771	35, 534	43, 305
O-5	20	3	4, 260	96. 5	1, 477	139	825	6, 701	28, 400	35, 101
O-4	14	3	3, 489	85. 9	1, 477	139	825	5, 930	23, 258	29, 188
O-3	6	3	2, 813	62. 6	1, 477	139	825	5, 254	18, 750	24, 004
O-2	2	2	(2, 056)	33. 0	1, 172	139	588	1, 899	13, 707	15, 606
O-1	0	1	(1, 665)	26. 3	869	139	468	1, 476	11, 102	12, 578
W-4	26	3	3, 444	98. 0	1, 477	139	825	5, 885	22, 960	28, 845
W-3	20	3	2, 781	97. 1	1, 477	139	825	5, 222	18, 542	23, 764
W-2	16	3	2, 371	86. 8	1, 477	139	715	4, 702	15, 807	20, 509
W-1	10	3	2, 015	64. 1	1, 477	139	588	4, 219	13, 436	17, 655
E-9	22	3	2, 794	98. 1	1, 477	139	825	5, 235	18, 626	23, 861
E-8	20	3	2, 378	98. 0	1, 477	139	699	4, 693	15, 854	20, 547
E-7	18	3	2, 121	96. 7	1, 477	139	609	4, 346	14, 140	18, 486
E-6	14	3	1, 864	88. 6	1, 477	139	518	3, 998	12, 429	16, 427
E-5	4	2	1, 475	61. 4	1, 172	139	378	3, 164	9, 831	12, 995
E-4	2	1	(1, 288)	23. 1	869	139	322	1, 330	8, 585	9, 915
E-3	<2	0	(1, 106)	15. 2	564	23	294	881	7, 370	8, 251
E-2	<2	0	(1, 056)	13. 0	564	23	283	870	7, 037	7, 907
E-1	<1	0	(970)	12. 7	554	23	254	841	6, 464	7, 305

---

[1] This valuation is based on the "current service cost" or "normal cost" actuarial concept. It represents the annual amounts which would have to be invested at a 3.5 percent interest rate to yield the necessary funding of retirement costs.

[2] Percent in each pay grade at the present time who will actually retire by actuarial valuation.

[3] Based on actual per capita costs (fiscal year 1973) of $426.99 per service member and $230.57 per each dependent, escalated at 32 percent—the increase, in total DOD spending for medical operations from fiscal year 1973 to fiscal year 1976.

[4] Based on per capita costs of appropriated funds for commissary and exchange operations. It is assumed that single E-3's, E-2's, and E-1's do not use the commissary to any appreciable extent. Per capita costs allocated only to active duty personnel.

[5] Government's contribution to social security.

[6] Includes health care, commissary and exchange, FICA plus retirement-actuarial valuation only for pay grades where more than 50 percent are expected to retire.

Note: Excluded from the table are such military benefits as follows, along with their estimated fiscal year 1976 budgetary cost and annual value of benefit to those who receive them: Flight pay: Paid to 92,000 officers in fiscal year 1976, or 32 percent of the officer force; Range: $1,200-$2,940 annually. Special pay to doctors, dentists and optometrists and veterinarians: Paid to 17,850 officers in fiscal year 1976, or 6 percent of the officer force; Range: $1,200-$3,000 annually. Variable incentive pay to medical doctors only: Paid to 2 percent of the officer corps, 17,850 officers in fiscal year 1976; Range: $9,000 to $13,000 annually. Enlistment and reenlistment bonuses to enlisted personnel: Paid to 218,185 personnel, or 12 percent of the enlisted force in fiscal year 1976; Range: $1,500 to $2,500 annually.

Also valuable to the Committee in its deliberations was the following table comparing military and civilian compensation and benefits prepared by the Senate Committee on Appropriations:

TABLE 19.—COMPARISON OF MILITARY AND CIVILIAN COMPENSATION AND BENEFITS (OCT. 1, 1975, PAY SCALES)

Military grade	Comparable civilian grade	Military compensation and benefits	Civilian compensation and benefits	Military advantage (+) or disadvantage (−)
O-9/O-10		$54, 713		
O-8	GS-18	54, 815	$41, 350	$13, 465
O-7	GS-17/GS-16	48, 886	41, 350	+7, 536
O-6	GS-15	43, 305	38, 849	+4, 456
O-5	GS-14/GS-13	35, 101	31, 131	+3, 970
O-4	GS-12	28, 188	24, 485	+3, 703
O-3	GS-11/GS-10	24, 004	19, 749	+4, 255
O-2/W-4/W-3	GS-9/GS-8	21, 729	16, 403	+5, 326
O-1/W-2/W-1	GS-7	16, 914	14, 170	+2, 744
E-9/E-8/E-7	GS-6	20, 964	12, 813	+8, 151
E-6/E-5	GS-5	14, 711	11, 551	+3, 160
F-4	GS-4	9, 915	10, 375	−460
E-3/E-2/E-1	GS-3/GS-2/GS-1	7, 821	8, 326	−505

[1] Where more than 1 civilian or military grade is shown, the amount for compensation and benefits is the average of the values shown on tables 2 and 3 for those grades.

As is readily observable, wages and benefits for those in the lower military grades (E-1, E-2, and E-3) are roughly comparable to the wages and benefits of those in the lower Government service grades (GS-1, GS-2, and GS-3). Rates for lower ranking enlisted personnel average about $7,821 a year. Thus, an E-3 or below, who contributes the maximum of $75 monthly ($900 a year) would be contributing approximately 11.5 percent of total salary. A soldier who contributes $600 a year would be contributing 7.6 percent of his total wage. Although the required monthly contribution may impose a slight hardship on some, the Committee believes that the benefits which will accrue from participating will outweigh whatever moderate financial sacrifice may be required. Further, and as a footnote, on the ability of prospective entrants to participate, the Committee notes that the Department of Defense reports that more than 89 percent of those currently entering the armed services have no dependents.

The committee also recognizes that postservice educational benefits have been utilized by the Armed Forces to attract young men and women into the military. Educational opportunities are a major attraction for quality accessions. To assure that the chapter 32 program (devised by the Committee to assist in the readjustment of active force volunteers) could be effectively used by the services to continue attracting quality accessions, the Committee has included several provisions to accord with the recent recommendations of the Defense Manpower Commission. Under the program, the Secretary of Defense is authorized to contribute to the fund of any participant such contributions as is deemed necessary to encourage persons to enter and remain in the Armed Forces. Thus, in consonance with the Defense Manpower Commission recommendations, it is possible to utilize the program as a "recruiting management tool * * * with benefits granted only on a selective basis to help meet critical skill needs."

The educational program adopted by the Committee will also assist the armed services in inducing quality personnel to remain in the service by authorizing that the benefits can be utilized by service personnel in their second or subsequent enlistment. In testimony before the Committee, representatives of the Department of Defense testified that the Army, to maintain desired levels of manpower, requires "one out of four [first-term recruits] to reenlist." Currently, sufficient numbers of service personnel are reenlisting. As indicated by these figures, the services expect and need a continuing turnover in personnel, a turnover which would also be assured by the chapter 32 program. As explained in testimony before Congress this year, the services "need a balance between youth, stamina, and physical ability on one hand and experience and knowledge on the other." Further, administration representatives testified that in order to retain quality personnel in the military, "there must be an opportunity for advancement. Increasing the career content would result in fewer promotions."

The Committee also observes, however, that by allowing educational benefits to be used in the second or subsequent enlistment and by authorizing the Secretary to contribute to the fund, such moneys as the Secretary deems appropriate to induce personnel to remain in the service, the chapter 32 program will also significantly aid career retention efforts.

Thus, after much examination, the Committee recommends and adopts the new chapter 32 program. There is now, and shall continue to be, a need to aid men and women who have served in society's armed forces in readjusting after honorably concluding that service. The chapter 32 program will provide this assistance.

There continues a need to provide within the society a program, such as the GI bill, to assist upward mobility. Currently, disproportionate numbers of socioeducational disadvantaged youths are entering the service. The chapter 32 program will provide such a program. There is also a need to provide educational assistance as an inducement to join the Armed Forces. Chapter 32 provides such an inducement.

COST ESTIMATES

In accordance with section 252(a) of the Legislative Reorganization Act of 1970 (Public Law 91-510, 91st Congress), the Committee, based on information supplied by the Congressional Budget Office and the Veterans' Administration, estimates that the costs attributable to this bill, S. 969, as amended, are approximately $472.9 million (consisting of $495.4 million in outlays less $22.5 million in receipts resulting from title IV) in fiscal year 1977 decreasing to $68.6 million (consisting of $661.3 million in outlays less $398.7 million in savings from termination of the current GI bill and less $194 million in receipts resulting from title IV) in 1981, all as shown in the following table:

TABLE 2.—FIVE-YEAR COST OF S. 969, AS AMENDED

[In millions of dollars; fiscal years]

	1977	1978	1979	1980	1981
Title I—					
Budget authority	6.3	6.1	6.0	5.8	5.6
Outlays	6.3	6.1	6.0	5.8	5.6
Title II—					
Budget authority	376.5	344.5	324.5	303.3	282.1
Outlays	376.5	344.5	324.5	303.3	282.1
Title III—					
Budget authority	26.0	25.8	25.6	25.3	25.3
Outlays	26.0	25.8	25.6	25.3	25.3
Title IV—					
Budget authority	22.5	69.1	100.5	3.3	—204.7
Outlays	1.1	—.5	—7.2	—20.2	—117.0
Receipts	—22.5	—71.6	—134.2	—165.4	—194.0
Title V—					
Budget authority	85.2	78.9	74.6	70.5	66.2
Outlays	85.2	78.9	74.6	70.5	66.2
Title VI—					
Budget authority	.3	.3	.3	.4	.4
Outlays	.3	.3	.3	.4	.4
Total:					
Budget authority	516.8	524.7	531.5	048.6	174.9
Outlays	495.4	455.1	423.8	385.1	262.6
Receipts	—22.5	—71.6	—134.2	—165.4	—194.9

The full text of reports of the Congressional Budget Office can be found in "Agency Reports", *infra.*

TABULATION OF VOTES CAST IN COMMITTEE

Pursuant to section 133(b) of the Legislative Reorganization Act of 1946, as amended, the following is a tabulation of votes cast in person or by proxy of the Members of the Committee on Veterans' Affairs on a motion to report S. 969, with amendments, favorably to the Senate:

Yeas—9

Vance Hartke
Herman E. Talmadge
Jennings Randolph
Alan Cranston
Richard (Dick) Stone
John A. Durkin
Clifford P. Hansen
Strom Thurmond
Robert T. Stafford

Nays—0

Prior to this vote an amendment offered by Senator Durkin to strike sections 404 to 407 inclusive was defeated by voice vote. Amendments to extend the delimiting the period for 3 years and to permit "acceleration" of benefits were both withdrawn without prejudice by their sponsor, Senator Durkin.

SECTION-BY-SECTION ANALYSIS AND EXPLANATION OF S. 959, AS AMENDED

Section 1

This section provides that the proposed act may be cited as the "Veterans' Education and Employment Assistance Act of 1976".

TITLE I—CHAPTER 31 DISABLED VETERANS' VOCATIONAL REHABILITATION RATE AND PROGRAM ADJUSTMENTS

Section 101

This section amends chapter 31 of title 38, United States Code, by increasing the monthly subsistence allowance payable to disabled veterans in training under that chapter. Chapter 31 authorizes vocational rehabilitation training for disabled veterans. In addition to the monthly subsistence allowance provided by chapter 31, disabled veterans training under chapter 31 also have full tuition, books and supplies paid by the Veteran's Administration. Section 1504(b) is amended to provide an 8 percent increase in the monthly subsistence allowance rates for chapter 31 trainees. Under the bill as amended, the full time institutional rate for a veteran with no dependents would be increased from $209 to $226 a month. For a veteran with one dependent the monthly subsistence rate would be increased from $259 to $280; with two dependents the rate is increased from $304 to $329; and $24 would be added for each dependent in excess of two. The Veterans' Administration and the Congressional Budget Office estimate that approximately 28,500 veterans will train under chapter 31 resulting in additional costs in the first year of $4.7 million decreasing at the end of 5 years to 26,900 veterans in training at a cost of $4.5 million.

Section 102

This section amends section 1503(c) of title 38, United States Code, to repeal the existing limitation on use of vocational rehabilitation eligibility contained in chapter 31 for the training of seriously disabled veterans. In lieu of a definite termination date, this section provides the Administrator discretionary authority to extend entitlement to a veteran for such time period as is necessary based upon the veterans' disability and need for vocational rehabilitation. Section 1503 (a) currently provides (subject to the exceptions contained in 1503 (b) and (c)) that the normal period of eligibility under chapter 31 is 9 years from the disabled veteran's discharge or release. Section 1503(b) authorizes an additional 4-year eligibility period if the disabled veteran was prevented from entering (or having entered, from completing) vocational rehabilitation either because of medical problems or because eligibility for such benefits had not been timely established within that period.

Finally, section 1503(c) authorizes an additional training period for certain disabled veterans in need of vocational rehabilitation to overcome the handicap of blindness or other serious service-connected disabilities. Under this subsection, additional periods of eligibility may be granted for a period not to exceed the later of 10 years beyond the termination date or June 30, 1975. The June 30, 1975 date applied primarily to blinded and seriously disabled veterans of World War II and the Korean conflict. As a result of the termination date on June 30, 1975, a number of seriously disabled veterans then in training under chapter 31 were cut off from Veterans' Administration benefits before they had completed the vocational rehabilitation needed to regain their employability as shown in the following table:

TABLE 21.—VETERANS WHOSE VA VOCATIONAL REHABILITATION WAS TERMINATED JUNE 30, 1975, BY SERVICE PERIOD AND DEGREE OF DISABILITY

	Disability rating					
	10 to 20	30 to 40	50 to 60	70 to 90	100	Total
World War II	0	25	63	42	89	219
Korean conflict	0	18	39	23	49	129
Total	0	43	102	65	138	348

In addition, seriously disabled veterans who have not yet entered training but will need training in the years ahead, such as those whose disabilities have prevented them from entering training and those whose service-connected conditions have worsened, are affected by the current 10-year termination date. Consequently, the amendment contained in this section repeals any termination date; instead the Administrator is authorized to provide such seriously disabled veterans vocational rehabilitation benefits under chapter 31 whenever it is necessary to aid them in regaining employability.

Generally, the determination as to whether a veteran is "seriously disabled" (and hence eligible on that basis for extension of entitlement for vocational rehabilitation) is made on the basis of the severity of the veteran's service-connected disability, as evidenced by its schedular rating, and the effect of the disability on the veteran's employability.

Blinded veterans and other veterans with disabilities with schedular rating of 100 percent are by regulation, however, automatically defined as seriously disabled for the purposes of section 1503(c) (see 38 CFR 21.701). Determination as to need for vocational rehabilitation training is made in counseling on the basis of whether the veteran is employed or employable in a suitable occupation. The Committee expressly intends that this standard of determination be applied to all disabled veterans applying for chapter 31 benefits.

As table 21 indicates, a disability of 30 percent or greater is generally required to bring the provisions of subsection (c) into operation. Further, 87 percent of those veterans training pursuant to section 1503(c) who were terminated as of June 30, 1975, had disability ratings of 50 percent or greater. Consistent with previous practice the Committee expects the Veterans' Administration to exercise great liberality in granting the requests for extension of any disabled veteran rated 50 percent or greater.

In sum, the Committee believes that without this amendment there would be many situations in which vocational rehabilitation benefits would be denied to seriously disabled veterans who could benefit substantially from such assistance. The Veterans' Administration and the Congressional Budget Office estimate that 475 veterans will be affected in the first year at a cost of $1.6 million decreasing gradually to 375 veterans at a cost of $1.3 million in the fifth year, all as shown in the following table:

TABLE 22.—CHAPTER 31—EXTENSION OF DELIMITING DATE

[Dollar amounts in millions]

Fiscal year —	Trainees	Direct benefits cost
1977	475	$1.6
1978	450	1.6
1979	425	1.5
1980	400	1.4
1981	375	1.3
Total		7.4

The Veterans' Administration supports this provision which it states will permit it "to aid these deserving veterans in regaining employability".

Section 103

This section amends chapter 31 of title 38, United States Code, by providing specific authority in section 1511 for the utilization of Federal agencies to provide training and work experience for certain disabled veterans on an uncompensated basis when this training would aid them in their rehabilitation.

Under current authority, disabled veterans may enter into on-job training in programs of Federal agencies. They are employees of the agency and, as such, receive the same wages and benefits as other employees, with supplementary assistance under chapter 31. Upon successful completion of training, the veteran progresses to employment in the objective for which the training has been provided. This has traditionally been regarded as the preferred and desirable method for providing training in Federal agencies. However, when on-job training opportunities are not available, or the veterans' condition temporarily preclude meeting the regular demands of on-the-job training, or the veteran falls short of qualifying for the trainee position, it may still be in the veteran's interest to receive training in a Federal agency, thereby preparing him most directly and efficiently for Federal employment.

This amendment would grant the Administrator discretionary authority to utilize Federal agencies to provide unpaid training or work experience as the whole or part of an individual's vocational rehabilitation program.

While pursuing such training, the veteran would not be considered a Federal employee for the purposes of laws administered by the Civil Service Commission (for example, annual leave, sick leave, retirement, insurance, et cetera), but would be considered an employee for the purposes of the benefits of chapter 81 of title 5, United States Code, relating to injuries on the job. Under the provisions of the Fair Labor Standards Act, chapter 31 trainees may not be utilized as unpaid employees. Congress, however, in enacting the Rehabilitation Act of 1973 (Pub. Law 93-112) permitted in section 501(e) the utilization of state vocational trainees in Federal facilities on an unpaid basis. Under the change intended by this section, chapter 31 disabled veterans will now have available to them the same potential training facilities within Federal agencies now granted to state trainees (and coverage under the Federal Employee's Compensation Act), thus affording disabled veterans an increased opportunity for Federal employment. The Veterans' Administration, in its official report to the Committee, states that "we feel that severly disabled veterans in the chapter 31 program should be given the opportunity to prove they are competent employees without charge to the employing agency, and therefore approve that part of section 103 which would exempt chapter 31 trainees for the purposes of laws administered by the Civil Service Commission".

Disabled veterans successfully completing such training or work experience will become eligible for noncompetitive appointments to the Federal Service. The Committee expects to be periodically informed of the number of disabled veterans so appointed and the nature and grade level of the appointments by each Federal agency. This information may be included in an annual report to Congress by the Civil Service Commission required by section 2014(e) of title 38, United States Code.

The Committee intends that training and employment opportunities for disabled veterans, now barred by circumstances beyond their control, will be afforded to them under this amendment. The Veterans' Administration reports that "any added cost of this provision would be minimal".

Section 104

This section makes a number of technical amendments to chapter 31 to remove unwarranted and unnecessary gender references. The following sections are affected: 1503, 1504, 1505, 1507, 1508, 1509, 1510, and 1511.

TITLE II—VETERANS' EDUCATION RATE AND PROGRAM ADJUSTMENTS

Section 201

This section provides an 8-percent increase in the educational assistance payable to veterans training under chapter 34.

Clause 1 amends section 1682(a)(1) to provide an 8 percent increase in the monthly educational assistance allowances. The full-time institutional rate for a veteran with no dependents would be increased from $270 to $292 a month. The rate for a veteran with one dependent would be increased from $321 to $347 a month. The addition of a child would increase the rate from $366 to $396 a month, with an additional $24 a month for each dependent in excess of two. Three-quarter and half-time rates are also adjusted upward proportionately by an 8 percent rate.

Clause 2 amends section 1682(b) relating to the pursuit of a program of education while on active duty or less than half-time basis by providing an 8 percent increase so that the maximum allowance shall be computed at the rate of the established charges for tuition or $292 per month for a full-time course (up from current $270) whichever is lesser.

Clause 3 amends section 1682(c) to provide an 8 percent increase in the monthly assistance rates payable to veterans pursuing a farm cooperative program. Full-time educational assistance rate for a veteran pursuing farm cooperative training with no dependents would be increased from $217 a month to $235 a month. The rate for a veteran with one dependent would be increased to $276 a month from the current rate of $255. The addition of a child would increase the rate from $289 a month to $313, with an additional $18 a month for each dependent in excess of two. Three-quarter and half-time training rates are also adjusted upward proportionately by an 8 percent rate. The following table shows participation under Farm Cooperative Training Programs during Vietnam era through April 1976.

TABLE 23.—PARTICIPATION UNDER FARM COOPERATIVE TRAINING PROGRAMS DURING VIETNAM ERA THROUGH APRIL 1976

States	Farm trainees	States	Farm trainees
Alabama	69	Nebraska	2, 277
Alaska	11	Nevada	6
Arizona	37	New Hampshire	13
Arkansas	4, 385	New Jersey	18
California	280	New Mexico	12
Colorado	59	New York	93
Connecticut	8	North Carolina	1, 720
Delaware	4	North Dakota	781
District of Columbia	7	Ohio	78
Florida	943	Oklahoma	1, 394
Georgia	37	Oregon	9
Hawaii	9	Pennsylvania	12
Idaho	14	Rhode Island	4
Illinois	168	South Carolina	76
Indiana	1, 596	South Dakota	930
Iowa	3, 257	Tennessee	455
Kansas	172	Texas	109
Kentucky	82	Utah	6
Louisiana	85	Vermont	0
Maine	6	Virginia	126
Maryland	23	Washington	43
Massachusetts	12	West Virginia	2
Michigan	29	Wisconsin	967
Minnesota	1, 976	Wyoming	50
Mississippi	79	Puerto Rico	3
Missouri	2, 094		
Montana	27	U.S. total	24, 653

Clause 4 amends the maximum educational assistance rate payable under a PREP program under section 1696(b) from $270 per month for a full-time course to $292.

The Veterans' Administration, which supports the 8 percent increase in rates, estimates that in the first year 2,445,100 veterans will receive the additional benefits at a cost of $329.2 million decreasing at the end of 5 years to 1,830,800 veterans and $247.4 million respectively. However, the Congressional Budget Office estimates that in fiscal year 1977, 2,547,500 veterans will be benefited by the 8 percent increase at a cost of $299 million. By 1981, CBO estimates that 1,907,700 will benefit at a cost of $223.9 million.

688

Section 202

This section amends section 1652 of title 38 which defines the basic terms utilized in chapter 34. Added to section 1652 (for the purpose of both chapter 34 and chapter 36) are definitions of the terms "institution of higher learning" and "standard college degree". The Veterans' Administration, in reporting favorably on this section, noted that title 38 does not include these definitions and that:

> The result is a broad classification of institutions of higher learning and standard college degree by Federal agencies administering educational programs to the detriment of veterans. Some institutions are granting their students a document they refer to as a "college degree," even though the document normally would not be recognized by graduate or professional schools. We believe that setting out a definition of "standard college degree" will eliminate many problems now faced by veterans as they venture into employment or future education.
>
> We believe that clarification of the definition of what is an institution of higher learning would assist the Veterans' Administration in its relationships with institutions in the educational community.

Both terms have been used by the Veterans' Administration for a considerable period of time and have well established meanings pursuant to regulations issued by the Agency. The amendments made by the section are simply intended to codify existing regulations and practice. Identical definitions are provided for chapter 35 in section 302 of this Act *infra*.

Section 203

Clause 1 amends section 1661(a) to permit those veterans entitled to 36-months (4 regular school years) of educational assistance an additional 9 months of assistance for pursuit of educational programs without limitation to baccalaureate degree to be pursued as currently set forth in law. This unrestricted, additional school year of entitlement is identical to provisions incorporated in S. 2784 which passed the Senate on June 19, 1974 by a vote of 91 to 0. Adoption of an additional 9 months of eligibility, by the Senate in 1974, resulted from extensive hearings held before the Committee on Veterans' Affairs.

Proponents of this extension, noting that World War II veterans could have received up to a maximum of 48 months of entitlement, argued for additional eligibility and repeatedly testified as to the difficulties of many veterans in obtaining an undergraduate degree in 36 months—that is, 4 standard college years of 9 months each. A survey by the National Association of Concerned Veterans of selected States indicated that large numbers of veterans were not able to obtain an undergraduate degree in the standard 36 months of entitlement. They noted that the higher price of education, the loss of credits involved in transferring from one institution to another, and the lack of adequate benefits in the GI bill heretofore, had all combined to make it very likely that many Vietnam era veterans would not be able to complete baccalaureate degree requirements within 4 school years.

The relatively low level of benefits caused many veterans to devote excessive hours earning money to supplement their monthly benefit checks in their attempt to obtain an education under the GI bill. NACV pointed out in its testimony that 12 credit hours per semester added up to 96 credit hours after 4 school years, or 24 credit hours short of 120 required for graduation. Under the quarter system, the 4 years minimum requirement would accumulate only 144 credit hours or 36 short of the 180 necessary for graduation.

Supportive data on the difficulty of obtaining degrees in 36 months was also submitted by representatives of the American Association of Community and Junior Colleges, who testified that most veterans took a course load of only 12 hours for a semester with the result that it took many veterans an average of 5 years to complete their degree. Given this background, these arguments were most persuasive to Committee members and in adopting an additional 9 months of eligibility the Committee noted in its report accompanying S. 2784, that:

> Extension of entitlement must be provided to insure that veterans—taking reduced credit loans, forced to work and facing technical and administrative bottlenecks—will be able to complete their undergraduate degrees.

At the same time, the Committee acknowledged that since the adoption of the first GI bill over 30 years ago, the American workforce had changed radically. Considering the exclusiveness of higher education after World War II, the GI bill then was very much a unanticipated benefit but 30 years later it was very much a necessity. Noting that a major aspect of readjustment assistance is to make a veteran economically competitive, the Committee report also noted that in 1950, 7.1 percent of those in the 25 to 29 age bracket in the Nation had baccalaureate degrees, while in 1973, 19 percent had undergraduate degrees in the same age bracket. The Committee report quoted testimony that:

> The employment market today requires that, in many instances, the applicant to attain a higher than bachelor's level degree in order to compete with others. It is possible for an individual to graduate from college and enter the employment market and not even qualify to fill out an employment form, much less compete for a job.

The Committee report further noted a report by the Carnegie Institution of Higher Education, which pointed out that educational requirements imposed by employers and State licensing agencies and professional certification boards demand increasing periods of higher education.

Thus, in providing for an additional 9 months of educational entitlement, it is clear that the Senate Committee was recognizing a dual purpose: First, to allow veterans having difficulties obtaining an undergraduate degree sufficient time to do so; and second, to allow other veterans to make maximum use of additional schooling to meet the increasing educational requirements of society.

Following Senate passage, heavy Administration opposition to any additional entitlement at all led House and Senate conferees (not without substantial misgivings) to restrict the additional 9 months of entitlement for use only in the pursuit of a baccalaureate degree.

Although this restricted additional entitlement did address itself to the problems faced by certain undergraduates who were unable to attain their degree in four regular school years, it was obvious to many of the conferees that additional problems would result from such a limitation. First, the restricted 9 months eligibility was difficult to implement. Whether one qualified for an additional benefit depended on quite technical rules. For example, a person enrolled in a standard 5-year undergraduate program, such as pharmacy or engineering, might qualify for benefits, but, then again, he might not qualify for benefits if he was entitled to a bachelors degree at the end of 4 years.

More importantly, this restriction was unprecedented. Never before in the history of the GI bill readjustment assistance program, beginning with the World War II GI bill (which provided up to 48 months of unrestricted entitlement in certain cases) and including both the Korean conflict GI bill and the present program, has any stipulation been imposed in the level of training, undergraduate or graduate, for which GI educational assistance may be used. The result, of course, is that this limited 9-month extension, in effect, provides unequal benefits for equal service. Veterans who have pursued the same military obligation may receive unequal benefits. Veterans who had completed undergraduate work and are pursuing graduate training or additional education do not qualify for the additional entitlement.

The American Legion testified that:

> It was the judgment of The American Legion in October 1974, and continues to be our judgment that the restriction of additional eligibility to undergraduate studies is patently unfair to all those who have qualified for benefits under the Veterans Education Assistance Program. And, again in our judgment, to the extent it is unfair, it subverts the intent of the program.

The additional burden demanded by employers, State licensing agencies, and professional certification boards must then be borne by the student veteran. With veteran employment rates for younger veterans running in excess of 15 percent, educational benefits under the GI bill program, must assist and not detract motivated veterans seeking greater opportunity through disciplines that previously required less training. Teachers, business persons, lawyers, doctors, dentists, veterinarians, are a few of the professions that generally require advanced degrees.

The vice chancellor of the university system of Georgia, testifying for the American Association of State Colleges and Universities, told the Committee that:

> The educational requirements needed to compete for many jobs in today's job market have been increased beyond the undergraduate level.

The American Legion also testified that:

> The extension of the basic eligibility from 36 to 45 months for those veterans who qualify is a reasonable and practical extension in consideration of service rendered and the academic requirements for completion of a higher education.

The Congressional Budget Office estimates that enactment of this provision would result in added direct benefits at a cost of $108.6 million in fiscal year 1977, decreasing to a cost of $81.3 million in fiscal year 1981. The Veterans' Administration has estimated that the cost of removing the undergraduate restriction would be $253.2 million in fiscal year 1977, an estimate the Committee believes is unrealistic. In March of 1975, the VA estimated a first-year cost of this extension to be $70.9 million. In February of 1976, the VA in a report to the Committee on the 9-month extension of entitlement, estimated that enactment would result in a fiscal year 1977 cost of $124.1 million. Thus, CBO's cost analysis is reinforced by the VA's earlier estimates and, as such, the Committee adopts it as more accurately portraying the cost of this section.

Clause 2 amends 1661(a) defining entitlement to chapter 34 benefits to authorize full entitlement to educational assistance allowances under such chapter for service less than 18 months to any eligible veteran medically discharged because of a service-connected disability. The Committee notes that such veterans are at present eligible for vocational rehabilitation benefits under chapter 31. That program pays all the tuition or other educational expenses and grants a monthly subsistence allowance (currently $209 for a single veteran). Chapter 34 benefits do not separately pay tuition or other educational expenses but, rather, provide a single monthly educational assistance allowance (currently $270 per month for a single veteran). In recent years, the Committee has observed the increasing number of service-connected disabled veterans, with service of 18 months or more, who have chosen to utilize chapter 34 benefits rather than train under the chapter 31 vocational rehabilitation program. Indeed, the most recent available data reveals that of those disabled veterans who have trained under the GI bill, fully 52 percent have trained exclusively under chapter 34. The reasons for this usage are varied. In part, the opportunity to train on a less-than-half time basis and to pursue correspondence training, both available under chapter 34 but not under 31, could be responsible. Also in part, veterans attending educational institutions, where tuition charges are comparatively low, apparently find the higher monthly assistance allowance under chapter 34 more adequate to meet their living expenses. In any event, disabled veterans with 18 months or more service are entitled to full chapter 34 benefits and are free to choose which program they wish to train under.

In adopting this amendment, the Committee assumes that, but for the onset of a service-connected disability, the veteran covered herein would have satisfactorily completed 18 months of service and would have been entitled to full chapter 34 benefits. The Committee believes that these disabled veterans are penalized through no fault of their own and when compared with other disabled veterans, are discriminated against on the mere basis of time.

In opposing S. 836, a measure introduced by Senator Stafford which contained identical provisions to the provisions included herein, the Veterans' Administration asserted in its written report that "under most circumstances a veteran has a better benefit program available to him through the vocational rehabilitation program. . . ." Extensive usage of chapter 34 benefits by chapter 31 disabled veterans, by implication, questions that assertion. In any event, this section does not compel utilization of chapter 34; it only permits it. The Committee assumes that effective outreach and a competent counseling program by the Veterans' Administration will allow the agency to explain the relative merits of both programs. The Veterans' Administration did not estimate any cost for the enactment of this clause and the Committee assumes that it is minimal.

Section 204

This section amends section 1662(a) of title 38, United States Code, by providing an exception to the normal 10-year delimiting period during which eligible veterans can use their educational assistance benefits. This section provides that a veteran who was prevented from initiating or completing a program of education within the 10-year period because of physical or mental disability, not the result of the veteran's own willful misconduct, may be granted an extension of the delimiting period equal to the period during which the veteran was prevented from pursuing such education. The current 10-year delimiting period assumes that a veteran is in a position to exercise GI bill benefits. If during that period of time the veteran is prevented because of a physical or mental disability (which may or may not be service-connected) then that period of time should not be counted in the computation of the delimiting period.

In determining whether the disability sustained was the result of the veteran's own "willful misconduct", the Committee intends that the same standards be applied as are utilized in determining eligibility for other VA programs under title 38. In this connection see 38 C.F.R., part III, paragraphs 3.1(n), 3.301 and VA manual M21-1, § 1404.

Although continuing to urge that the general delimiting period for all veterans be reduced from 10 to 8 years, the Veterans' Administration has reported to the Committee that it believes that "consideration should be given to the enactment of a provision which would extend the entitlement of those eligible veterans who, because they were incapacitated through circumstances beyond their control, have been unable to utilize their potential entitlement."

The Veterans' Administration estimates that any additional cost which would accrue from the extension authorized by this section would "be fairly minimal".

Section 205

This section requires the Administrator to carry out a thorough and comprehensive study of vocational objective programs in order to determine whether the objectives of the programs are being met. The Administrator is directed to place particular emphasis on the requirements of section 1673(a)(2) of title 38. That section, as amended in 1974 by section 203(1) of Public Law 93-508, provides that the Administrator shall not approve the enrollment of a veteran in any vocational objective course which fails to submit justification showing that at least one-half of the available course graduates during a preceding 2-year period have secured employment in the occupational category for which trained.

The Committee believes that compliance with the "50 percent" employment requirement is an important tool in assuring that the purposes of the GI bill are and continue to be met. Following enactment of this provision in 1974, considerable time elapsed before the VA issued implementing regulations and forms and schools were required to submit the data showing compliance with the provisions of section 1673(a)(2). Such data was finally submitted in November 1974. A preliminary examination revealed that the Veterans' Administration received reports covering 25,982 courses with 9,040 course graduates. Reports were not received for 10200 courses with an unknown number of graduates. Of those submitting reports, only 2.7 percent of the courses failed to meet the 50 percent employment requirement.

Indeed, according to the Veterans' Administration, the submitted data asserted that the mean and median percentage of courses with graduates employed in the type of work for which the course offered training or closely related employment was 87.1 percent and 98.8 percent, respectively. Included in the total were both correspondence and flight training schools, the vast majority of which submitted forms which, on their face, also showed compliance with the 50 percent employment requirement. A few months later, however, the administration recommended to Congress that authority for enrollment of veterans into correspondence or flight training courses be terminated. In so recommending, the Administrator asserted that "there is ample evidence that the training does not lead to jobs for the majority of the trainees, and that the courses tend to serve as avocational/recreational, and/or personal enrichment rather than basic employment objectives". Such an assertion appears to contradict directly the recent flight and correspondence schools submissions which claimed that 50 percent of the course graduates had secured employment in the occupation for which they were trained.

The Veterans' Administration challenged only a few of these submissions. The Committee concludes that either the Veterans' Administration's position in favor of terminating authority for these programs is based upon insufficient facts or the obvious congressional intent of the 50 percent rule has not been effectuated. There is a growing suspicion that the latter is the case. This suspicion is reinforced by what the Committee understands to be the almost total failure of both the State approving agencies and the Veterans' Administration to review or verify the submitted data. If it is shown that the 50 percent rule is not administered or complied with as contemplated by Congress, then the Committee believes that the appropriate remedy would be the application of the rule in a manner Congress intended, rather than blanket exclusion of particular modes or fields of study. Rigorous application and enforcement of the 50 percent employment rule would terminate enrollment for avocational/recreational purposes and terminate inferior training while allowing those schools meeting basic vocational objectives to continue enrolling veterans.

There are several possible reasons why the reports submitted may not accurately reflect the schools effectiveness as demonstrated by the number of students who secure training related jobs. First, implementing regulations and forms may not have sufficiently effectuated statutory mandates and Congressional intent. The forms developed by the Veterans' Administration contained exclusions and methods of calculation which may be incorrect or excessively permissive. Definitions of the occupations for which the training is designed may be overly inclusive. Insignificant avocational earnings, which may have resulted from the course, may have been improperly included as satisfying the employment requirement.

A second cause of the apparent ineffectiveness of the 50 percent rule may be that there has been insufficient monitoring and compliance survey activities both by the State approved agencies and the Veterans' Administration. As noted earlier, it is the Committee's understanding that there was no validation of submitted data by the State approving agencies and little, if any, by the Veterans' Administration.

A third basic cause may be that there has been incorrect reporting by schools either by inadvertance, confusion or design.

Finally, it might be that additional amendments, providing more adequate statutory authority, are required in order to achieve the congressional intent that occupational goals are, in fact, pursued and obtained. Such amendments could require certain completion levels, eliminate certain exclusions or increase the required employment percentage. One possibility, which should be examined is that in calculating the 50 percent employment requirement, it be based on the number who enter training rather than complete a course of training.

In any event, further study is both appropriate and necessary. The Committee directs the Veterans' Adiministration, either "in house" or by contract, to conduct a thorough study of vocational objective programs. The report of the study should facilitate the administrative and legislative corrections which would be needed if the intent of the GI bill is to be met. In addition to submitting whatever data the Veterans' Administration deems appropriate in considering this issue, the Committee has specifically directed the agency, with respect to section 1673(a)(2), to include within its report the following:

(1) the number of veterans and institutions submitting justification asserting compliance with the requirements of such section and the extent to which any courses were challenged or disqualified by a State approving agency or by the Veterans' Administration;

(2) the number of institutions and courses for which justification showing compliance with the requirements of such section was not submitted;

(3) the number of courses for which justification showing compliance with the requirements of this section was submitted and actively reviewed by either the appropriate State approving agency or by the Veterans' Administration;

(4) the extent to which courses subject to the requirements of such section have not been identified or surveyed;

(5) the extent to which vocational objective programs have been converted to degree programs following enactment of Public Law 93–508;

(6) information as to completion rates of those courses submitting placement reports pursuant to such section;

(7) the extent to which justification submitted pursuant to such section disclosed invalid survey population;

(8) the extent to which justification submitted pursuant to such section disclosed improper exclusion of students who completed the course but did not take or pass a licensing examination given by the State;

(9) the extent to which justification submitted pursuant to such section disclosed improper exclusion of persons employed in other fields;

(10) the extent to which justification submitted pursuant to such section disclosed improper exclusion of persons as being in closely related occupations, when, in fact, they were not;

(11) the extent to which justification submitted pursuant to such section disclosed improper exclusion of some persons as not being available for employment;

(12) the extent to which there are deficiencies in basic procedures, instructions, and forms issued pursuant to such section; and

(13) the extent to which vocational objective programs are being pursued for a vocational or recreational purposes.

The Administrator is required to report the results of the study to the Congress and the President not later than 6 months after the enactment of this act. The report shall include such recommendations for legislative or administrative action as the Administrator deems appropriate. In this connection, the Committee expects the Veterans' Administration to examine and revise, if necessary, its regulations and forms, in accordance with the congressional intent, to assure the effectuation of the 50 percent rule and other basic provisions governing vocational objective courses. The Committee also intends that immediate steps be undertaken to vertify the data previously submitted by schools in connection with section 1673(a)(2). If the Veterans' Administration concludes that statutory authority is insufficient or that it should be strengthened, the Committee expects to receive specific legislative recommendations in the report of the Administrator.

In sum, properly applied standards, which discriminate on the basis of occupational success of vocational courses, appears preferable to blanket action terminating whole areas or modes of training.

Section 206

This section makes two principal amendments to section 1673 relating to the disapproval of enrollment in certain courses.

Clauses 1, 2 and 3 amend section 1673(a) by adding a new paragraph 4 which prohibits enrollment in any independent study program except one leading to a standard college degree. At the time the current GI bill program was enacted in 1966, the concept of independent study was not specifically considered by the Congress. However, this clause codifies a long-standing Veterans' Administration position that independent study be limited to those programs leading to a standard college degree. A similar amendment to section 1723(a) pertaining to chapter 35 eligible persons is contained in section 306 of this act discussed, *infra.*

Clause 4 amends section 1673(d) to extend generally to all courses the statutory limitation with respect to the percentage of veterans eligible to enroll in a course. Currently, subsection (d) directs the Administrator not to approve the enrollment of any veteran (not already enrolled) in any course not leading to a standard college degree which is offered either by the proprietary-for-profit or proprietary-not-for-profit educational institution where more than 85 percent of the students are wholly or partially subsidized by the Veterans' Administration or the institution.

This section, first enacted by the Congress when it authorized the Korean Conflict GI Educational Assistance Program in 1952 under Public Law 82–550, was an outgrowth from recommendations of the House Select Committee to Investigate Educational Training and Loan Guarantee Programs Under the GI bill. The House Select Committee, chaired by the Honorable Olin E. Teague, looked extensively into the abuses and problems which plagued the World War II GI bill program and concluded that "a new act should be written extending educational benefits to veterans who served during the Korean conflict." It recommended in part that:

> 4. Enrollment of veterans in institutional training should be limited to courses offered by public schools and colleges, or to courses in private schools which have been in successful operation for at least one year and which maintain an enrollment of at least 25% non-veteran students.

The result of this recommendation was the enactment of section 1673(d). While reviewing the legislative history and intent of this section during consideration of the 1974 GI bill amendments, it became evident to the Committee that Congress was concerned about schools which developed courses specifically designed for those veterans with available Federal moneys to purchase such courses. At the time that the section was originally enacted, the veterans educational assistance program was, of course, the prime (if not sole) source of Federal funds which could be utilized by students who enrolled in such courses. The ready availability of these funds obviously served as a strong incentive to some schools to enroll eligible veterans. The requirement of a minimum enrollment of students not wholly or partially subsidized by the Veterans' Administration was a way of protecting veterans by allowing the free market mechanism to operate.

The price of the course was also required to respond to the general demands of the open market as well as to those with available Federal moneys to spend. A minimal number of nonveterans were required to find the course worthwhile and valuable or the payment of Federal funds to veterans who enrolled would not be authorized. As originally enacted in 1952, the 85–15 rule applied only to "nonaccredited" courses not leading to a standard college degree.

In 1974, after reviewing the history of this section, the Committee concluded that whatever reasons there originally may have been to limit the rule to nonaccredited schools, those reasons were no longer applicable. Accordingly, section 203(3) of Public Law 93–508 extended the so-called 85–15 rule to accredited proprietary-for-profit and not-for-profit institutions not leading to standard college degrees. Courses under subchapter IV for the educationally disadvantaged and subchapter V for PREP were specifically exempted from the operation of the revised section because they were, by their very nature, designed for the exclusive enrollment of veterans or other eligible persons under this title.

Upon further examination this year, the Committee has concluded that the rationale for the application of the 85–15 rule should be logically extended to courses other than just those not leading to a standard college degree.

The Veterans' Administration, after noting increased recruiting by certain accredited institutions directed exclusively at veterans, in its report to the Committee stated that:

> It is our position that, if an institution of higher learning cannot attract sufficient nonveteran and nonsubsidized students to its programs, it presents a great potential for abuse of our GI educational programs.

The Committee shares this concern and believes it is important, when mandating GI bill expenditures of great magnitude, to limit those situations in which substantial abuse could occur.

The Committee emphasizes its belief that the requirement that no more than 85 percent of the student body be in receipt of VA benefits is not onerous particularly given the fact that under today's GI bill, unlike the World War II program, veterans do not comprise a major portion of those attending institutions of higher learning, as revealed in the following table:

TABLE 24.—VETERANS AS A PERCENTAGE OF STUDENTS ENROLLED IN INSTITUTIONS OF HIGHER LEARNING

Year	Total U.S. peak fall enrollment, IHL	GI bill trainees, IHL	Percentage
1976 (estimate)	11, 290, 719	1, 294, 267	11. 5
1975	10, 321, 539	970, 173	9. 4
1974	9, 709, 000	970, 467	10. 0
1952	2, 263, 102	281, 254	12. 4
1951	2, 228, 873	402, 467	18. 1
1950	2, 419, 037	580, 597	24. 0
1949	2, 592, 517	843, 803	32. 5
1948	2, 548, 507	984, 009	38. 6
1947	2, 479, 402	1, 157, 966	46. 7

In addition, in computing the 85–15 requirement, the amendment would require the inclusion of not only those students subsidized by the Veterans' Administration, but also those students in receipt of grants from other Federal agencies. The Committee believes the inclusion of other students receiving Federal grants is consistent with the general intent and rationale of section 1673(d) as previously discussed. This would include Federal grants such as basic educational opportunity grants (BEOG) and supplemental education opportunity grants (SEOG) made by the Department of Health, Education, and Welfare. This provision only includes direct Federal grants which do not have to be repaid by the recipient.

Thus, it would not apply to direct Federal loans, federally insured loans or college or work/study (which is "repaid" by the student services).

To gage the impact of the addition of Federal grants to veterans benefits in calculating the requirements of the 85–15 rule, the Committee requested information from the Congressional Research Service concerning the number of students in receipt of Federal assistance. Although figures for individual programs exist, there is no precise data as to the unduplicated number of federally assisted students. CRS estimates, however, that the unduplicated number of federally assisted students in the current fiscal year (excluding the guaranteed student loan program) does not exceed 14 percent. Again, although the 85–15 rule does not appear onerous when compared with this figure, the Committee recognizes that with respect to Federal grants there may be situations where greater flexibility is desired particularly with respect to certain developing institutions. Accordingly, the Administrator, upon the recommendation of the Secretary of Health, Education, and Welfare is granted authority to waive the requirements of section 1673(a) with respect to Federal grants if it is determined to be in the interest of the eligible veteran.

In addition to continuing the exemption for educationally disadvantaged and PREP courses, the amendment would also specifically exempt farm cooperative training for veterans from the operation of the 85–15 rule. The Veterans' Administration stated in its report to the Committee:

> The primary objective of the farm cooperative program is to provide meaningful instruction for the farmer while concurrently engaged in active agricultural employment. Farm cooperative programs are generally offered by high schools, area technical schools, and community colleges, and are frequently the result of the joint effort of the State Department of Education, local school officials and county farm agents. These programs are designed primarily for veteran participation. We have found that, when an area is not serviced by an institution offering such a course, a group of veterans engaged in full-time farming has organized such courses with the aid of local groups for veteran participation.

The Veterans' Administration is unable to estimate the cost impact of the extension of the 85–15 rule because it lacks accurate information as to the extent of veteran enrollment in courses which are not presently covered by section 1673 but which may exceed the 85 percent of total course enrollment rule. The Congressional Budget office, however, estimates that enactment of this section coupled with other Administration cost savings included in the bill will save $31.6 million in fiscal year 1977 and a total of $151.9 million through 1981.

Section 207

This section amends section 1674 relating to discontinuance of VA payments to veterans for unsatisfactory progress or conduct by providing that absent mitigating circumstances, progress will normally be considered unsatisfactory at any time an eligible veteran is not progressing at a rate which would permit such veteran to complete training within the length of the course based in the training time as certified to the Veterans' Administration. This section is intended to specify a minimum basic standard of progress which will normally be required of veterans in receipt of VA educational assistance payments. As noted elsewhere in this report, the Committee is aware of numerous situations in which substantial numbers of veterans were enrolled at certain institutions and in receipt of veterans benefits for extended periods of time, yet made little if any progress toward obtaining the degree for which enrolled.

This amendment provides that regular progress toward a degree must be made by the veteran. Thus, under this provision if a veteran is enrolled in a 4-year program of education, and enrolled in a full course load as defined by the institution, his normal completion time as certified by the school would be 4 years. If he is enrolled on a half-time basis, the normal completion time, of course, would be 8 years. The Committee notes that for the purposes of full time VA benefits a veteran need only be enrolled in 12 credit hours even though 15 may be required by the school in order to completely obtain a baccalaureate degree within 4 years. Thus, for those veterans taking only a 12-credit-hour load it would normally be expected that the veteran would attain such degree in 5 years, even though for the purposes of VA payment he would be in receipt of "full time" benefits.

The Committee wishes to emphasize that these are simply minimum standards and schools may impose such additional standards of progress as they deem necessary and appropriate.

The Administrator is granted authority under this section to waive the requirements of this provision if he finds mitigating circumstances. While the Committee expects the VA to enforce the provisions in a manner which eliminates Federal payments to those not seriously pursuing an education, it also intends that the waiver authority will be exercised with compassion and understanding of the domestic difficulties and problems often encountered by educationally disadvantaged veterans who are making a serious attempt.

Finally, it should also be observed that, even if the Administrator does not find mitigating circumstances educational assistance allowance payments may be renewed following VA counseling of the veteran, if it is determined (a) that the cause of the unsatisfactory conduct or progress of the veteran has been removed; and (b) that the program which the veteran now proposes to pursue (whether the same or revised) is suitable to his aptitudes, interests and abilities. A similar amendment concerning satisfactory progress is adopted with respect to eligible persons training under chapter 35 in section 307 *infra*.

Section 208

This section amends section 1682 which directs how education allowances for institutional training will be computed. A new subsection (e) is added which codifies existing regulations and practice regarding payment to an eligible veteran who is pursuing an "independent study program" which leads to a standard college degree. Educational allowances for an independent study program are to be computed at the lesser of either the established tuition charge, including fees, or $292 per month. If independent study is combined with resident training which constitutes the major portion of that training, then the regular monthly allowance of $292 is payable (increased from the current $270 by section 201(4) of this Act).

This clarification and codification of these rules was prompted in part by evidence of abuse of independent study. Where significant Federal payments are concerned, as with the GI bill, the potential for abuse is high, particularly in the case of "independent study"; a comparatively unstructured situation where verification and supervision is often difficult. In the past 2 years, the potential for abuse has unfortunately been realized in a number of instances. For example, the Veterans' Administration testified this year about a proprietary-for-profit correspondence school which entered into a contract with an educational institution of higher learning accredited by the North Central Accrediting Association. The VA further testified:

> The terms of the agreement were that the school would, through a program of independent study, confer a two school year (equivalent) associate of technology degree and exercise administrative control over the program. The individual courses in the program were similar to, if not the same as, the corporation's correspondence course. The corporation sold and taught the course using their representatives. The degree program, based on the school's accreditation, the State Approval Agency's favorable action, and compliance with proposed regulations on independent study published in the Code of Federal Regulations, September 27, 1973, was approved for full-time educational assistance under the law. The cost of the course to the student was $2,107 for the equivalent of 1 school year. Of this $2,107, the corporation received $1,777 for its services.
>
> By November 1974, more than 13,000 veterans located in approximately 40 States had been enrolled and were receiving benefits. Classes were conducted at a number of nontraditional settings. For the most part, students were attending class 1 day a month at a motel and were being paid at the same rate as students who were actually attending the main campus of the university on a full-time basis. University officials, apparently because of their inability to maintain effective administrative control, terminated their contract with the corporation and would not accept new enrollments effective November 8, 1974.

In response to this and other situations, the Veterans' Administration clarified, revised and tightened its independent study regulations in December 1974. As revised, in order for an eligible veteran to receive VA educational assistance for the pursuit of an independent study course, such course must consist of a prescribed program study with provisions for interaction either by mail, telephone or personally, or by class attendance between the student and regularly employed faculty at the university or college. The Veterans' Administration has informed the Committee that it lacks sufficient data to estimate the cost savings resulting from enactment of this section.

Section 209

This section amends the Veterans' Student Services Program authorized under section 1685 of title 38, United States Code, to grant the Administrator greater flexibility for permitting veterans to continue and complete their work-study agreements even if there has been a change in their school status. Under the Veterans' Student Services or Work Study Program, a veteran enrolled under chapter 31 or 34 (with priority consideration given to those veterans with 30 percent or greaer service-connected disability) may enter into an agreement with the Veterans' Admiinstration to perform various veteran related services during or between periods of enrollment such as outreach efforts or the preparation and processing of necessary veterans' papers or other documents. Under this agreement the veteran may contract to work up to 250 hours a semester or under applicable enrollment period for which the veteran is paid at a rate of $2.50 per hour of which up to $250 is paid in advance.

Section 1685(b) provides that the Veterans' Administration may utilize the services of the veteran students participating in a work/study program only while they are pursuing a full-time program of education or training under chapter 31 or 34. Consequently, if a veteran student reduces his training load to less than full-time or ends school enrollment prior to completion of the agreement, the Veterans' Administration must terminate the agreement. When the veteran has not performed the number of hours represented by the advance payment to him, the amount of the advance payment which represents the number of unworked hours is considered an established overpayment chargeable against the veteran. This section amends section 1685(b) to provide that, even if the veteran ceases to be a full-time student before completing the agreement, the veteran may be permitted, with the approval of the Administrator, to complete the work.

This amendment permits veterans to complete work/study agreements, even if they are no longer full-time students or enrolled in school. It is intended to help prevent overpayments to individuals who need and actively seek out funds under the work/study program to permit them to continue their education. The Committee also assumes that such authority would present fewer administrative problems to the Veterans' Administration.

The Veterans' Administration supports enactment of this provision which it says is necessary for it to "fully carry out Congress' intent to utilize veterans in work/study programs when the individual actively demonstrates a need for assistance which the work/study program affords".

The VA further reports that the costs entailed by this section would be minimal.

Section 210

This section amends the Special Supplementary Assistance Program authorized under section 1692 of title 38, United States Code, to increase benefits and expand eligibility. Section 1692 currently provides that any veteran enrolled in an educational institution who is pursuing a postsecondary program of education on a half-time or better basis may receive "individualized tutorial assistance" when the veteran has "a deficiency in a subject" which is required if the veteran is to pursue his or her program of education satisfactorily. Currently, the veteran may receive assistance at the rate of $60 per month for a maximum of 12 months or until a maximum of $720 is utilized. The educational institution is required to certify that the individualized tutorial assistance is essential to correct the deficiency, that the tutor chosen to perform the assistance is qualified, and that the charges for such assistance do not exceed customary charges for tutorial assistance.

Clause 1 amends section 1692(a) by authorizing individualized tutorial assistance for the academic portions of institutional technical courses not leading to a standard college degree for veterans who have not received a high school diploma or equivalency certification.

The Veterans' Administration considers a course or program to be postsecondary if the school generally requires the GED certificate or completion of high school as an admission requirement, even though it has provisions for accepting some students solely on the basis of general admission and tests. However, if an admissions examination is the sole requirement for entrance, the Veterans' Administration has taken the position that the course may not be considered post-secondary for tutorial purposes (cf. section M-48, VA Program Guide 21-1). In this connection, it has come to the attention of the Committee that there are State vocational-technical programs which do not require, as part of their admissions requirements, completion of high school or GED.

Consequently, such vocational-technical students cannot qualify for tutorial assistance under section 1692. While the Committee continues school diploma or its equivalency, it believes that the exclusion of tutorial assistance for veterans who are enrolled in vocational-technical schools and who are in need of such assistance is counterproductive. There are many veterans who have excellent aptitudes for vocational-technical careers who may be deficient in communications or mathematical skills. This amendment permits individualized tutorial assistance in those academic portions of the vocational-technical course to enable, for example, proficiency in math and reading skills. It is not intended, however, that tutorial assistance be provided in the case of shop or laboratory portions of such vocational courses.

Clause 2 amends section 1692(b) to provide an 8 percent increase in the maximum amount payable for tutorial assistance. Tutorial assistance benefits are increased from $60 to $65 per month for a maximum of 12 months or until a maximum of $780 is utilized (currently $720).

In increasing and expanding tutorial benefits, the Committee would be remiss if it failed to acknowledge that a number of cases have been brought to its attention recently concerning instances where false certification of individualized tutorial assistance has occurred and convictions obtained. In certain instances, the tutoring was done in groups and not on an individual basis as required by law; in other cases there was no tutoring or less tutoring than certified. And in other cases serious questions have been raised as to the qualifications of certain tutors, although such tutors must be certified to the Veterans' Administration as qualified by the schools under section 1692(b).

The Committee expects the Veterans' Administration to monitor the tutorial program to ensure that schools are thoroughly familiar with all rules and that these requirements are being fully complied with. The Congressional Budget Office reports that the costs occasioned by enactment of clause 1 are minimal. The increase in tutoring allowances is estimated to cost $0.3 million for each of the next 5 years.

Section 211

This section makes a number of technical amendments to chapter 34.

Clause 1 eliminates specific reference to the "United States Code" in section 1652(e) to conform that section with the style of reference used in title 38 when referring to another title of the United States Code.

Clause 2 deletes in sections 1681 (a) and (b) reference to section 1780 and substitutes a broader reference to chapter 36 where that section is found.

Clause 3 redesignates section 1697A concerning coordination with and participation by the Department of Defense in PREP programs as section 1698 to conform with general practice of numbering sections within title 38.

Clause 4 amends the table of sections with the beginning of chapter 34 to reflect the redesignation in clause 3 of section 1697A as section 1698.

Section 212

This section makes a number of technical amendments to chapter 34 to remove unwarranted and unnecessary gender references. The following sections are affected: 1652, 1661, 1662, 1663, 1670, 1671, 1673, 1674, 1676, 1681, 1685, 1691, 1696, and 1698 (as redesignated by section 211 (a) of this Act).

Section 213

This section amends section 1663 concerning educational and vocational counseling of eligible veterans by the Veterans' Administration to direct that effective comprehensive counseling service be provided to all veterans who desire such services. The section is further amended to direct the Administrator to carry out an active outreach program to acquaint and encourage veterans wherever appropriate to utilize such counseling services.

The availability of VA educational, vocational and rehabilitation counseling (currently discretionary for chapter 34 eligible veterans) is intended to aid veterans make the best use of their educational and training benefits by helping them (1) arrive at sound decisions about their educational and vocational goals and (2) plan programs of education or training that will enable them to attain these goals.

These counseling services are offered through 70 VA locations and about 170 college, university, community and private counseling centers under contract with VA.

Since the inception of the current GI bill through June 1974, only 227,450 or 4.65 percent of the 4,895,000 veterans who have trained under the program have been counseled.

Even smaller percentages of veterans have been counseled in the past 3 years as revealed by the following table:

TABLE 25.—CHAPTER 34—VETERANS COUNSELED, FISCAL YEAR 1974–76

	Veterans trained	Veterans counseled	Percent of veterans counseled
Fiscal year:			
1974	2,128 366	34,715	1.6
1975	2,424,676	44,928	1.9
1976	2,535,432	48,815	1.9

On August 11, 1976, the General Accounting Office submited to the Committee on Veterans' Affairs a report which included responses of veterans to questions about the VA educational assistance programs. The report indicated that many veterans were both unaware of and in need of VA counseling service.

Of the 5,491 veterans responding to a GAO questionnaire, 2,244, or about 41 percent said that they were not aware that VA offered counseling services. Of the 2,244, about *70 percent said that they would have requested VA counseling had they been aware of it.*

The following is a tabulation of GAO questions and the response pertaining the counseling:

> Did you request and receive any counseling, advice, or information from VA prior to enrolling in this training?

Response		Number	Percent
Yes	I was tested or counseled by VA about my aptitudes or training plans	233	4.2
Yes	I received information or advice about my training and benefits from VA	1,167	21.3
No	I requested but did not receive any guidance from VA	133	2.4
No	I was aware of it but did not request VA guidance	1,714	31.2
No	I was not aware that VA guidance was available	2,244	40.9
Total		5,491	100.0

> Would you have requested VA guidance if you had been aware of it? (Asked only those giving the last response above.)

Response	Number	Percent
Yes	1,549	69
No	560	25
No response	135	6
Total	2,244	100

Note: The above responses do not reflect answers from graduate students.

The report of General Accounting Office underscores the importance of available and comprehensive counseling services designed to aid veterans in arriving at a sound decision about their goals and help them plan programs of education and training that enable them to attain those goals. GAO found that one out of every five veteran respondents questioned the value of their training. The report noted:

> While responses differ significantly depending on the type of training taken, overall, 20 percent of the respondents said that the training they took under the GI bill was of little or no use with regard to their training objective or career plan.

The following table reveals responses by types of training by both completers and noncompleters:

TABLE 26.—USEFULNESS OF TRAINING AS INDICATED BY COMPLETERS AND NONCOMPLETERS

[In percent]

Type of training	Overall				Completers				Noncompleters			
	Extremely useful	Moderately useful	Little use	No use	Extremely useful	Moderately useful	Little use	No use	Extremely useful	Moderately useful	Little use	No use
Apprentice	57.3	33.3	4.2	5.2	63.5	32.6	3.0	0.5	30.9	36.4	9.1	23.6
Other on-job	55.4	28.7	9.2	6.7	64.5	25.2	6.9	3.4	30.9	38.1	15.5	15.5
Graduate	64.5	30.5	4.2	.8	75.0	23.0	1.5	.5	33.3	53.0	12.1	1.5
Farm cooperative	37.8	50.0	8.3	3.9	41.3	52.3	5.2	1.2	32.1	46.2	13.2	.5
Nondegree	54.6	29.8	9.8	5.0	67.1	26.4	4.3	2.1	27.7	36.9	21.5	13.8
Flight	48.7	30.8	15.2	5.3	59.7	31.0	7.0	2.3	33.7	30.5	26.3	9.5
Vocational/technical	38.5	35.0	15.8	10.7	47.1	36.2	12.2	4.5	23.8	33.1	21.9	21.2
Undergraduate	46.5	36.9	11.2	5.4	60.3	31.8	6.8	1.1	28.0	43.6	17.1	11.3
Correspondence	28.1	40.5	17.7	13.7	30.7	49.2	10.8	9.3	24.3	27.5	28.0	20.2
High school	44.5	33.6	13.0	8.9	56.8	31.8	8.0	3.4	25.9	36.2	20.7	17.2

Educationally disadvantaged veterans who presumably have a much greater need for such services have rarely received counseling. The 1974 Congressionally directed study of the GI bill legislation by the Educational Testing Service of Princeton, New Jersey, found that only 2.9 percent of those educationally disadvantaged veterans in training had never received counseling from a VA contact officer.

The Committee further expects that a veteran who requests VA educational and vocational counseling will, in fact, receive thorough and competent guidance and counseling which will enable the veteran to make the best use of his education and training benefits. The Committee intends that comprehensive counseling provide the veteran the wherewithal to (1) arrive at sound decisions about educational and vocational goals, and (2) plan a program of education or training that will enable the veteran to attain a chosen goal. In this regard, the Committee stresses that it is vital that each veteran who seeks vocational and educational counseling be exposed to those programs and services which could be of assistance to the veteran as he pursues his educational or vocational objective. Under this section, VA counselors would also be expected to make appropriate referals with respect to other problems such as those of a readjustment or health nature.

Too often, the multifaceted Federal and local government programs are perceived by the individual veteran as fragmented and disjointed. Too often, the veteran is in need of personal readjustment, the effect of which could prevent the veteran from securing the maximum advantage from his educational entitlement. To assist the veteran in arriving at a wise decision in regard to his educational or vocational goals, or to aid the veteran in overcoming his personal readjustment problems, comprehensive counseling must integrate the many programs into a coherent and understandable pattern. For example, a counselor should be able to assist those veterans who seek part-time work or are in need of supplemental income by guiding the veteran to the local Comprehensive Employment and Training Act (CETA) prime sponsor. Prime sponsors are specifically authorized to create split-jobs for veterans who are going to school. The split-job approach permits the prime sponsor to split one job between two school-going veterans—the two split the job to correspond with their schooling. This concept has been underutilized and the failure of veterans to be apprised of the opportunity is a contributing factor to this underutilization.

The Committee believes that it is imperative that each veteran who requests assistance under section 1663 be provided comprehensive assistance to guarantee that the use of educational entitlement by such veteran results in the maximum advantage to the veteran and to the society.

Accordingly, *Clause 1* amends the first sentence of section 1663 by requiring the Veterans' Administration to make available comprehensive counseling services including, but not limited to, vocational and educational counseling to any eligible veteran who requests it.

Clause 2 directs the Administrator to carry out an effective outreach program to acquaint all eligible veterans with the availability of such counseling and its benefits and advantages.

TITLE III—CHAPTER 35 SURVIVORS' AND DEPENDENTS' EDUCATIONAL ASSISTANCE RATE AND PROGRAM ADJUSTMENTS

Section 301

This section amends chapter 35, where applicable and necessary, to provide 8 percent increases in educational assistance allowances similar to those provided veterans in chapter 34. In most instances, the increases provided in chapter 34 are automatically applicable to survivors and dependents training under chapter 35, pursuant to section 1732(a) or (b), which provide that chapter 35 educational assistance allowances shall be computed at the rate prescribed in section 1682 of chapter 34 (as amended by section 201 of this Act). The Veterans' Administration estimates that 107,700 persons will be affected in the first fiscal year at an additional cost of $16.0 million which increases gradually to 109,600 persons and $16.1 million at the end of 5 years. The Congressional Budget Office differs slightly estimating first year cost at $16.5 million declining to $16.0 million at the end of 5 years.

Clause 1 amends section 1732(b) to provide an 8 percent increase in the educational allowance paid on behalf of an eligible person pursuing a full-time educational program which consists of institutional courses and alternate phases of training in a business or industrial establishment. As amended, the rate is increased from $217 to $235 per month.

Clause 2 amends section 1742(a) to increase the special restorative training assistance allowance by 8 percent from $270 to $292 a month and payable to the parent or guardian of the child in need of such training. Further, if the tuition and fees applicable for any such course are more than $92 (presently $85) per calendar month, the basic monthly allowance may be increased by the amount that such charges exceed that monthly figure if the parent or guardian elects to have the entitlement reduced by 1 day for each $9.76 (presently $9.02) that the special training allowance paid exceeds the basic monthly allowance.

The number of persons receiving this training is quite small ranging generally from 30 to 35 at any one time.

Section 302

This section amends section 1701 of title 38 which defines basic terms utilized in chapter 35 by adding definitions of the terms "institution of higher learning" and "standard college degree." Both terms have been regularly used by the Veterans' Administration for some time and have well established meanings pursuant to regulations issued by the Agency. The amendments made by the section are intended to codify existing regulations and practice. Identical definitions are provided for chapter 34 and chapter 36 in section 202 of this Act, *supra.*

Section 303

This section makes two basic amendments to section 1711 of title 38 relating to basic periods of eligibility for eligible dependents and survivors in order to aline the benefits provided in chapter 35 with those provided in chapter 34 wherever feasible and practical.

Clause 1 amends section 1711(a) to provide an additional 9 months of eligibility so that the maximum period of eligibility for survivors and dependents training under this program will now be 45 months rather than the current 36. This amendment is consistent with the unrestricted additional 9 months granted to veterans training under chapter 34 in section 203 of this act, justification for which is set out in full in the Committee's report to that section, *supra*. The Veterans' Administration estimates that in the first fiscal year, 5,000 trainees will take advantage of this provision at a direct benefit cost of $10 million, decreasing gradually by the fifth year to 3,300 trainees at a cost of $6.6 million, all as set forth in the following table:

TABLE 27.—9-MONTHS ADDITIONAL ELIGIBILITY FOR CHAPTER 35 TRAINEES

	Trainees	Direct benefits cost (millions)
Fiscal year:		
1977	5, 000	$10. 0
1978	4, 100	8. 2
1979	3, 300	6. 6
1980	3, 300	6. 6
1981	3, 300	6. 6
Total		38. 0

Congressional Budget Office estimates that the first year cost of this provision will be $11.1 million declining to $10.8 million in fiscal year 1981.

Clause 2 amends section 1711(b) to permit a limited amount of additional entitlement to those dependents who lose their chapter 35 eligibility because (a) the veteran parent or spouse is determined no longer to have a total disability of a permanent nature; or (b) the veteran parent or spouse who was listed as a prisoner of war, missing in action, or detained by a foreign power, is no longer so listed; or (c) the spouse of a permanently and totally disabled veteran is divorced without fault on the part of the spouse. The law currently provides that in the event of any of the foregoing occurrences, chapter 35 eligibility must terminate except that the person may continue receiving benefits until the end of the quarter or semester for which enrolled. If the institution is not operated on a quarter or semester basis, then benefits may continue until the end of the course or until 9 weeks have expired (whichever first occurs). This amendment would extend the period in the latter situation from 9 to 12 weeks, an extension which is consistent with extended entitlement rules currently applicable to veterans training under chapter 34.

Section 304

This section amends section 1712 concerning periods of eligibility for children under chapter 35 by expanding that eligibility and making changes consistent with those provisions governing chapter 34 beneficiaries.

Clause 1 amends section 1712(a) (3) and (4) to extend the eligibility period for children from 5 years to 8 years in which to complete their education. Currently, section 1712(a) provides that the normal period of eligibility runs from age 18 (or the completion of secondary schooling if earlier) until age 26 or a period of 8 years. Paragraph 4 of subsection (a), however, provides that in the event such persons serve on active duty with the Armed Forces, the period of eligibility is 5 years following the person's first discharge (but not beyond age 31). Accordingly, this amendment extends the normal period of eligibility from 5 to 8 years for those who served on active duty and makes such period consistent with the normal eligibility period contained in subsection (a).

Clause 2 amends 1712(a)(5)(B) relating to extension of entitlement. Currently, the law provides that the eligibility of a dependent or survivor attending institutions not operating on a quarter or semester system which otherwise would expire may be extended to the end of the course or 9 weeks, whichever first occurs. This clause extends the maximum period from 9 to 12 weeks to equate the provision with that currently governing extended entitlement for veterans training under chapter 34 (cf. § 1661(c)).

Clause 3 repeals 1712(d) which presently permits an extension of eligibility for children equal to the amount of time elapsed between their 18th birthday, or the day on which their application for benefits is filed (whichever is later), and the date of final approval of their application by the Administrator. This provision was added several years ago to ensure that chapter 35 eligible children received a full 5 years in which to pursue their program of education. The amendments contained in clause 1 of this section extending entitlement from 5 to 8 years, renders the provisions of section 1712(d) unnecessary. The subsections following section 1712(d) are redesignated to reflect the repeal of that subsection.

Section 305

This section makes amendments, technical in nature, to section 1713 concerning application for chapter 35 benefits by a parent or guardian on behalf of an eligible person. As amended, the section clarifies that if the eligible person has attained the age of legal majority then the person may independently file an application on his or her own behalf. This technical change reflects provisions contained in subsection 1701(b) which specifically equates, for the purposes of chapter 35, the definition of parent or guardian with any eligible person who has attained the legal age of majority and is under no known disability. Unnecessary or unwarranted gender references are also deleted.

Section 306

This section amends section 1723 relating to the disapproval of enrollment in certain courses.

Clauses 1, 2 and 3 amend section 1723(a) to add a new paragraph 4 which prohibits enrollment in any independent study program except one leading to a standard college degree. This clause simply codifies existing Veterans' Administration regulations and practice. A similar amendment to section 1673, for veterans training under chapter 34, is made by section 206 discussed *supra*.

Section 307

This section amends section 1724 concerning discontinuance for unsatisfactory progress by specifying that, absent mitigation circumstances, progress will normally be considered unsatisfactory at any time an eligible person is not progressing at a rate which will permit such person to graduate within the approved length of course based on the training time as certified to the Veterans' Administration. This section is intended to apply the same standards of progress as are applied to veterans by section 1674 of title 34 as amended by section 207 of this act. See additional discussion under section 207 *supra*.

Section 308

This section amends section 1732 concerning the computation of educational allowances for institutional training for eligible survivors and dependents under chapter 35. New paragraph 3 is added to section 1732(c) which codifies existing regulations and practice regarding payment to an eligible person pursuing an "independent study program" leading to a standard college degree. Educational allowances for independent study programs are to be computed at the lesser of either the established tuition charge, including fees, or $292 per month. If independent studies are combined with resident training, and constitute a major portion of that training, then the regular monthly allowance of $292 is payable (increased from the current $270 by section 201(4) of this Act). New paragraph 3 directs that payment shall be computed at the rate prescribed in section 1682(e) (as added by section 208 of this Act). For additional information concerning the need for, and intent of, this provision see the discussion at section 208 *supra*.

Section 309

Subsection (a) redesignates the title of chapter 35 as "Survivors and Dependents Educational Assistance" rather than the present "War Orphans' and Widows' Educational Assistance."

Subsection (b) amends the table of chapters at the beginning of title 38 and the table of chapters at the beginning of Part III to reflect the amended chapter 35 title.

Subsection (c) makes a technical amendment to section 1731(a) by deleting reference to section 1780 and substituting a broader reference to chapter 36 where that section is found.

Section 310

This section makes a number of technical amendments to chapter 35 to remove unwarranted and unnecessary gender references. The following sections are affected: 1700, 1701, 1711, 1712, 1720, 1721, 1723, 1724, 1731, 1733, 1734, 1736, 1741, 1743, 1761, and 1763.

TITLE IV—POST-VIETNAM ERA VETERANS' READJUSTMENT ASSISTANCE ACT

Section 401

This section provides that this title may be cited as the "Post-Vietnam Era Veterans' Readjustment Assistance Act of 1977."

Section 402

This section amends section 1652 to provide that no individual (with limited exceptions) entering the service on or after January 1, 1977, could accrue benefits under chapter 34. One exception provides that those individuals who had enlisted in the service under the Delayed Entry Program (DEP) prior to January 1, 1977, are eligible for chapter 34 benefits even though their active military duty does not commence until after that date. Such DEP personnel must have been enlisted or been assigned to a reserve component before January 1, 1977, and as a result of such enlistment commence active duty on or before January 1, 1978. Continued eligibility for chapter 34 benefits is, of course, contingent upon other qualifying factors including requisite length of service and a release from active duty under conditions other than dishonorable. (The other exception concerning the reimposition of involuntary induction is contained in section 407 discussed *infra.*)

Section 403

This section amends section 1661(a) to limit the entitlement that each eligible veteran can accrue under chapter 34 to that period of time between commencement of active duty and the date of such eligible veterans first discharge or release from active duty after December 31, 1976.

Section 404

This section would create a new chapter 32 educational benefits and readjustment assistance program for Post-Vietnam Era Veterans. The new chapter is more fully described as follows:

Subchapter I—Purpose; Definitions

§ 1601. Purpose

This section states the purpose of this chapter is (1) to provide educational assistance to those entering the Armed Forces after December 31, 1976, (2) to assist young persons in obtaining an education they might not otherwise be able to afford and (3) assist the all volunteer military program in attracting qualified men and women to serve in the Armed Forces.

§ 1602. Definitions

This section prescribes various definitions which would govern the new program.

The first defines which veterans are eligible for the new chapter 32 educational benefits. Requirements for eligibility for educational benefits remain the same under the current program except for the eligibility dates. In order to be eligible for chapter 32 benefits, a veteran must enter and serve on active duty for a period of more than 180 days commencing on or after January 1, 1977, and be released from active duty under conditions other than dishonorable. Veterans who enter service on or after January 1, 1977, and who are subsequently released from active duty with a service-connected disability are also eligible for the new chapter 32 benefits.

Active duty would not include certain types of service such as service as a cadet or midshipman at one of the service academies, or certain service in the National Guard or Reserves. These are patterned after the limitations currently contained in chapter 34. The terms "program of education" and "educational institution" would have the same meanings as those currently set forth in chapter 34. The term "participant" is defined as a person participating in the new program.

The requirement of discharge or release from active duty is waived in the case of any participant who has completed his or her first obligated period of active duty beginning after December 31, 1976, or has served on active duty for 6 years—whichever period is less. Thus, participants in their second or subsequent enlistment are eligible for participation in the education program provided under this chapter.

A participant is any person who has enrolled and who has not subsequently disenrolled. In some instances it is important to distinguish between an eligible veteran and a participant. For example, the definition of eligible veteran includes only those who have been discharged or released from active duty under honorable conditions; participant covers only those who have enrolled in the plan and who have not subsequently disenrolled.

Subchapter II—Eligibility; Matching Funds

§ 1621. Eligibility

Subsection (*a*) extends the right to enroll in the educational benefits program to any and all persons who enter the military on or after January 1, 1977. Whenever a person elects to enroll in the program and become a participant that person must contribute for at least 12 consecutive months before disenrolling or suspending participation. This requirement should ease the administrative burden of the Department of Defense and the Veterans' Administration. The Committee expects that most participants will continue to contribute until they are discharged or released from active service or until they have contributed the maximum allowable contribution ($2,700).

Subsection (*b*) provides limited exceptions to the general requirement of 12 consecutive months of contribution. First, of course, a participant need not contribute for 12 consecutive months if the participant is discharged or released from active duty prior to fulfilling that requirement. Second, an exception would also be made in instances of personal hardship as defined in regulations issued jointly by the Administrator and the Secretary of Defense. The Committee is aware that in administering programs, instances occur when the need for the administrative ease assured by the consecutive month rule is outweighed by the need of an individual with a personal hardship. In this regard, the Committee expects that the implementing regulations will provide for the operation of equity. The Committee also recognizes that the personal budget of individual participants is subject to fluctuation, and as such, flexibility is needed. In this regard, the Committee notes that an alternative to either suspension or disenrollment is a reduction in the amount the participant has elected to contribute each month.

Subsection (*c*) permits each participant to suspend participation or disenroll from the educational benefits program at the end of any 12-month period. Participants are also permitted to disenroll or suspend participation prior to the end of any 12-month period of participation in those instances of personal hardship. To the extent that contributions have been made, the individual who has suspended participation will remain entitled to educational benefits as computed by the formula in section 1631(a)(2). The Committee anticipates that most participants will participate and contribute until the maximum allowable contribution has been reached. However, the Committee recognizes that financial circumstances for individuals fluctuate and, to that extent, has made the program flexible by permitting participants to suspend or disenroll at the end of any 12-month consecutive period.

The Committee expects that any regulations in regard to the eligibility of suspending participants to make additional monthly contributions following suspension will be designed to encourage the participant to resume the monthly deductions. The Committee has distinguished between disenrollment (and the right to obtain a refund) and suspension (and the right to make additional monthly contributions). Suspension permits flexibility for participants in regard to monthly income flow, disenrollment signifies a desire to obtain accumulated equity. Of course, the additional monthly contributions which the suspended participant would be eligible to make subsequently is limited by section 1622(a) ($50-$75 monthly).

Subsection (d) provides that whenever a participant disenrolls, such participant forfeits entitlement for the matching funds outlined by section 1622. (A participant who only suspends participation does not forfeit entitlement for matching funds.) However, a disenrolled participant is eligible for a refund of his contributions.

Subsection (e) permits a participant who has disenrolled to reenroll in the program under such conditions as are prescribed jointly by the Administrator and the Secretary.

§ 1622. Contributions; Matching Funds

Subsection (a) provides that contributions by those service persons who have elected to participate in the educational assistance program authorized by this chapter shall be made by deductions from such persons' military pay. The amount of monthly deduction from any individual's paycheck shall not be greater than $75 nor less than $50. Any amount between $50 and $75 may be elected but the selected amount must be divisible by $5 ($50, $55, $60, $65, $70, and $75). The Secretary of Defense will deposit these deductions into a special educational funding account in the U.S. Treasury.

A maximum of $2,700 may be contributed by any one participant. The maximum of $2,700 could be accrued by a serviceman who has enlisted for 3 years if he were to contribute $75 each month of the 3-year enlistment. A serviceman with a 4-year service obligation could accumulate $2,700 by contributing $50 a month for the first 3 years and contributing $75 each month the fourth year.

Subsection (b) of section 1622 specifies that unless otherwise provided, a contribution made by a participant entitles such participant to matching funds at the rate of $2 for each dollar contributed by him. A participant who contributes the maximum $2,700 accrues a maximum entitlement from the Veterans' Administration of $5,400. Thus, it is possible for such eligible veteran to accrue a maximum of $8,100 (plus whatever amount may have been contributed by the Secretary of Defense pursuant to subsection (c) *infra*).

Subsection (c) authorizes the Secretary of Defense to contribute to the fund of any participant, such contributions as the Secretary deems necessary or appropriate to encourage persons to enter or remain in the Armed Forces. The Secretary is also authorized to issue such rules and regulations as he deems necessary and appropriate to implement this provision. The Committee expects that the Secretary will utilize this authorization "as a management tool to attract selected individuals" and as an inducement to high quality personnel whom the Secretary wishes to retain. In this regard, the conclusion of the Defense Manpower Commission that GI bill type educational benefits should be utilized as a "recruiting management program with benefits granted only on a selective basis to help meet critical skill needs" has guided the Committee in its determination of the need for this provision.

The Committee recognizes that the post-service educational benefits now available through chapter 34 are, in the words of the Assistant Secretary of Defense, Manpower and Reserve Affairs, "a recruiting incentive".

As such, the Committee believes that utilization of the educational inducements provided under chapter 32 will promote and assist the all volunteer military program in attracting and retaining qualified men and women to serve in the Armed Forces. The Committee believes that the new chapter 32, when compared to the existing program, will dramatically curtail costs while at the same time it gleans many of the benefits of the current educational assistance program. As the Defense Manpower Commission noted: "While the addition of educational benefits to the list of enlistment incentives would increase the costs of the AVF (All Volunteer Force), there would be an overall cost savings to the Government and the taxpayers over the current costs of the universal educational benefits." An attractive feature of this provision is of course that it permits the Armed Forces to utilize the new program "as a management tool to attract and retain selected individuals".

§ 1623. Refunds of contributions upon disenrollment

Subsection (a) of section 1623 provides that refunds of participant's contributions may be made if the participant has disenrolled from the program (or in accordance with the provisions of section 1624 if the participant has died). If a participant disenrolls, such participant is no longer entitled to matching funds unless reenrollment is permitted pursuant to section 1621(e).

Subsection (b) of section 1623 specifies that participants who disenroll prior to release or discharge from active duty are eligible for a refund of their contributions on the date of discharge or release, or within 60 days of the receipt of notice by the Administrator of such participant's disenrollment, whichever date is later. The Committee has included the "whichever is later" provisions in order to avoid administrative difficulty by allowing sufficient time for the refund of the participant's contributions. A refund may be made earlier than the date of discharge in instances of hardship or for other good reason. The Administrator of Veterans' Affairs and the Secretary of Defense are required to issue regulations jointly prescribing and defining those instances which constitute hardship or other good reason sufficient to justify an early refund. The Committee intends that any participant seeking to disenroll will be informed of the consequences and ramifications of disenrollment and the procedures which the disenrolling participant must follow if he believes that he is entitled to an early refund as a result of a personal hardship or other good reason.

Subsection (c) of section 1623 stipulates that a participant who has disenrolled from the program following discharge or release from active duty will be refunded the amount of his contributions within 60 days of receipt of an application for a refund from the participant. The "60 days" requirement is established as the maximum time period for refund. If it is administratively feasible for a refund to be made more quickly the Committee encourages such payment.

Subsection (*d*) allocates the disposition of contributions made by the Secretary pursuant to section 1622(c) in the event the participant dies, disenrolls, or is disenrolled from the program prior to utiliza- Defense. Step four divides the total derived from steps 1, 2, and veteran's unused contributions. The Veterans' Administration is refunded to the Secretary.

§ 1624. Death of participant

Subsection (*a*) of section 1624 provides that if a participant dies, such participant's unused contributions to the fund will be paid to the beneficiary of the participant's Service Group Life Insurance policy. If the participant is not insured under SGLI, or if no beneficiary has been designated by the participant, such participant's contributions will be refunded to the participant's estate.

§ 1625. Discharge or release under conditions which would bar the use of benefits

Section 1625 provides that a participant is automatically disenrolled from the program if such participant is discharged or released from active duty under conditions which would bar the use of the educational benefits. Benefits would be barred if the participant fails to serve on active duty for a period of more than 180 days unless such veteran was discharged for a service-connected disability. The veteran must also be discharged or released from active duty under conditions other than dishonorable. Automatic disenrollment, of course, results in the participant's loss of entitlement to educational benefits. The participant's contributions will be refunded within 60 days of the date the Administrator receives notice of such discharge or release or the date of discharge, whichever is later.

Subchapter III—Entitlement; loan eligibility

§ 1631. Entitlement; Loan eligibility

Subsection (*a*) of section 1631 entitles a participant to a maximum of 36 monthly benefit payments, or their equivalent in the event the eligible veteran receives part-time benefit payments. The 36 months of entitlement makes it possible for an eligible veteran to receive educational benefits over a period of 4 academic years (9 months a school year). Computation of the amount of part-time benefits for which an eligible veteran may be entitled is done in accordance with section 1788 (Measurement of courses) of chapter 36.

The formula for determining monthly assistance totals is as follows: First, all contributions made to the fund by the eligible veteran are added together; second, the sum of such contributions are multiplied by three; third, all contributions made to the fund by the Secretary of Defense pursuant to section 1622(c) are added; and fourth, the total derived from steps 1, 2, and 3 is divided by 36 or the number of months the eligible veteran has made contributions to the plan, whichever is less. The first step of the formula determines the amount the eligible veteran has contributed. Section 1622(a) limits participant contributions to a maximum of $2,700. The second step of the formula determines the total educational entitlement resulting from the participant's contributions. Multiplying the participant's contributions by three results in a total representing the participant contributions and resulting VA matching funds. The third step adds all contributions made to the fund on behalf of the participant by the Secretary of Defense. Step four divides the total derived from steps 1, 2, and 3 by the lesser of 36 or the number of months in which the participant has made contributions. If an individual has contributed for less than 36 months then the number of months that he has made contributions will be the figure used to divide the totals from steps 1, 2, and 3. If a veteran is enrolled in a program of education which is less than full-time, the total to which he is entitled would be accordingly reduced. A veteran who has contributed the maximum would at a minimum (not counting any contribution by the Secretary of Defense) receive $225 a month in educational assistance benefits. The veteran would also be entitled to a maximum VA education loan in the amount of $2,000 a year.

Except as provided in paragraph 4 of subsection (a), only discharged or released eligible veterans are eligible for receipt of the educational benefits provided by this program. In this connection, the Committee recognizes that the continued high unemployment rates of Vietnam era veterans is indicative of the continuing readjustment difficulties of the recently discharged. Whenever veterans have sought to reintegrate into civilian life, readjustment difficulties have occurred. The Committee expects that the readjustment difficulties which will be faced by future separatees will be eased by the new chapter 32 program. However, participation in the educational benefits program after release from active duty is, of course, contingent upon contributions by the participant while the participant is in the service. Thus, the Committee regards the outreach program required by section 1643 to be of utmost importance. An eligible veteran who has completed either the first obligated period of active duty or 6 years of service, whichever is lesser, is also eligible for receipt of the educational benefits provided by this program.

Subsection (b) of section 1631 extends eligibility for participation in the Predischarge Education Program (PREP) to only those members of the Armed Forces who are participants in the chapter 32 program. The general entitlement for PREP enrollment as authorized in chapter 36 is terminated for those who enter the service after December 31, 1976. A person who has suspended participation is considered a participant for the purpose of this provision. Individuals entitled to chapter 34 benefits however remain eligible for enrollment in PREP.

The Committee expects that the Veterans' Administration and the Department of Defense will affirmatively advise and counsel enlistees of the existence and purpose of the PREP program and the requirement that enrollment in the PREP program is contingent upon participation in the chapter 32 program.

The Committee believes that limiting eligibility for PREP to only those servicepersons who are enrolled in the chapter 32 program will ensure that the original purpose of the PREP program (that is placing prospective veterans in a position to use their postservice benefits effectively) will be met.

Subsection (c) of section 1631 provides that an eligible veteran pursuing a program of education by correspondence or a program of flight training will have entitlement charged in the same manner as correspondence courses and flight training courses are currently charged under section 1786 of chapter 34. The Committee has allowed 100 percent of the cost of instruction in such courses to be charged against a person's entitlement rather than 90 percent as presently authorized in chapter 34 because up to one-third of the entitlement which will be charged against the veteran will be the personal contributions the veteran has made to the fund.

Subsection (d) of section 1631 provides that eligible veterans under chapter 32 shall be entitled to participate in the VA direct education loan program established in sections 1798 and 1799. Currently eligible veterans under chapter 34 are entitled to a maximum loan of $600 per academic year (increased to $2,000 by section 502 of this Act discussed *infra*). The total borrowed may not exceed the maximum entitlement total for which the veteran is eligible. The Committee believes that the educational loan program as expanded and liberalized by the reported bill will assist eligible veterans under chapter 32 in obtaining an education and is particularly important since the maximum benefits under this program are less than the maximum benefits for which veterans are currently entitled under chapter 34. The Committee is thus concerned that the loan program operates in an effective manner which provides genuine assistance to veterans.

§ 1632. Durations; Limitations

This section provides that an eligible veteran is not entitled to educational assistance after 10 years of the date of the veteran's last discharge or release from active duty. This 10-year "delimiting" period is identical to that currently available to veterans under chapter 34. If an eligible veteran has not utilized any or all of his entitlement at the end of the 10-year period, such veteran is automatically deemed disenrolled. As such, the veteran is entitled to a refund of any of such veteran's unused contributions. The Veterans' Administration is required to notify such veteran who must then apply for the refund of his unused contributions. The Committee expects the Veterans' Administration to make a good faith effort to locate all veterans who are entitled to such refunds including personal notification at the veteran's last known address. If no application is received within 1 year of the date of notice, it will be presumed for the purposes of section 725s of title 31, that the individual's whereabouts is unknown. As a result of such determination, the funds to which the individual is entitled will be transferred to the trust fund within the Treasury established at section 725p of title 31 and designated "Unclaimed Moneys of Individuals Whose Whereabouts are Unknown."

Subchapter IV—Administration

§ 1641. Requirements

This section specifies the provisions of current law which shall be in effect for the new chapter 32 educational benefits program. In general, the provisions of chapter 36 are applicable except for those sections specifically excluded. Specific sections within chapter 34 are applicable as stipulated. The following sections from chapter 34 apply to the chapter 32 educational benefits program: Section 1663 (Educational and Vocational Counseling); section 1670 (Selection of Program); section 1671 (Application; Approval); section 1673 (Disapproval of Enrollment in Certain Courses); section 1674 (Discontinuance from Unsatisfactory Conduct or Progress); section 1676 (Education Outside the United States); section 1677 (Flight Training); section 1681(c) (Educational Assistance Allowance—Flight Training); section 1683 (Approval of Courses); section 1685 (Veterans Student Services); and sections 1695–1698 (Pre-discharge Education Program (PREP). General eligibility for PREP is terminated for those who enter the service after December 31, 1976. However, under section 1631(b) of chapter 32 any member of the Armed Forces who is participating in the chapter 32 benefits program is eligible to participate in the PREP program.

Chapter 36 of title 38, Administration of Educational Benefits, is, in general, applicable to the new chapter 32 and the governance thereof. Those sections of chapter 36 which are specifically not applicable include sections 1777 (Approval of Training on the Job), section 1780(c) (Certifications of Apprenticeship and Other On-Job Training), and section 1787 (Apprenticeship and Other On-Job Training). The new chapter 32 will utilize the same administrative framework that currently exists for the administration of chapters 34 and 35 benefits. In most instances, the same programs of education for which veterans under chapter 34 and eligible spouses and dependents under chapter 35 are eligible will be authorized in chapter 32. Eligible veterans under chapter 32 also remain eligible for participation in the work study program pursuant to section 1685 and, as noted previously, the VA direct educational loan program pursuant to sections 1686, 1798, and 1799.

§ 1642. Outreach efforts

Section 1642 requires the Administrator to designate an appropriate official to work with a similarly selected official from the Department of Defense in carrying out an effective outreach program. The purpose of the outreach program is to acquaint all persons entering or considering entry into the Armed Forces of the benefits and advantages of the chapter 32 program.

This Committee strongly believes in the value to young men and women, as well as to the Nation as a whole, of the educational opportunities presented by this program. Accordingly, the Committee emphasizes its intention that this outreach program should be extensive. Often, those who are most in need of educational assistance (and, often, those most in need of competent information in this regard), are those who are least aware of advice and counsel concerning potential entitlement to governmental benefits and services. The Committee emphasizes that each enlistee and each future enlistee must know of the benefits available to him and must be able to make a reasoned choice in regard to participation in the educational benefits program.

It is the Committee's belief that an effective outreach program by the Department of Defense and the Veterans' Administration will be of benefit in inducing qualified young men and women to join or remain in the armed services.

7 9

§ 1643. Report requirements

This section requires the Administrator and Secretary to submit a joint report to the Committee on Veterans' Affairs within 90 days of enactment of this chapter (that is, on or before April 1, 1977) concerning their plans for implementation of the Post-Vietnam Era Veterans Readjustment Assistance Program. The report should be of sufficient detail to enable the Committee to determine if the intent of the law, as specified in the statute in the accompanying Committee report, is being carried out fully. This section also requires annual reports to the Committee detailing operations of the program (including outreach efforts) which also should be sufficiently comprehensive and specific as to enable effective oversight of the program by the authorizing Committees. In this connection, the Committee intends that the report include information as to the number of participants granted bonuses by the Department of Defense under section 1622(c). The Committee also is interested in information as to utilization patterns broken down by service and any less classifications.

§ 1644. Deposits; Report

This section requires the prompt transfer from the Secretary to the Administrator for deposit into the fund of the deductions made from the military pay of participants. Each month, the Secretary of Defense shall forward to the Administrator of Veterans' Affairs a monthly report giving the name and service number of each initial enrollee participant, the amount of the deduction from the military pay of such enrollee, any contributions made by the Secretary pursuant to section 1622(c) and any changes in each participant's enrollment and/or contribution. This reporting provision is designed to assure effective administration and close coordination between the Department of Defense and the Veterans' Administration.

Section 405

This section would amend the table of chapters at the beginning of title 38 and at the beginning of part III of title 38 to reflect the addition of the new chapter 32 commencing with section 1601.

Section 406

This section establishes January 1, 1977, as the effective date of eligibility for participation in the chapter 32 program. This commencement date of the new program corresponds with the December 31, 1976, termination date for eligibility for educational benefits under chapter 34 provided under section 401 of this act. Those who enter the Armed Forces for active service on or after January 1, 1977 (with certain exceptions for those enrolled in the Delayed Entry Program), will be eligible only for chapter 32 benefits.

Section 407

This section provides for the reinstitution of eligibility for chapter 34 educational benefits in the event legislation providing for the involuntary induction of persons into the Armed Forces is enacted.

The Committee is mindful of the cold war GI bill which extended educational entitlement benefits to those who served the country following the Korean conflict and prior to the Vietnam era (that is, January 31, 1955 to August 4, 1964). During that period of time, involuntary induction assured that the services maintained necessary manpower requirements. In extending benefits to those who served when there was no active war, Congress acknowledged both the danger and tentative nature of "peace" during the last half of the 20th century as well as the need for readjustment benefits of those subject to involuntary induction.

The Committee is also aware of the difficulties encountered in attempts to adopt that GI bill as poignantly portrayed by H. R. Rainwater, Commander in Chief of the Veterans of Foreign Wars, in testimony before this Committee in 1971:

> . . . the record is replete and continuous respecting our efforts to help post-Korean veterans. It was back on January 31, 1955, that the Korean GI bill was ended by Presidential proclamation. The following August the delegates to our national convention expressed their unanimous disappointment and disagreement with this position when it called upon the President and the Congress to continue GI bill benefits for those citizens who were making the extra sacrifice by serving in the Armed Forces during the cold war. Subsequently, our organization was the first major veterans' organization to go on record to advocate what was then called the cold war GI bill. It was here in the Senate that we found a valiant spokesman in favor of this VFW goal—Senator Yarborough of Texas. He was to be the Senate leader in behalf of our efforts in this regard.
>
> Opposition to a cold war GI bill came from many sources. However, the Vietnam war changed everything respecting this program.
>
> Even then it was a watered-down GI bill compared with previous GI bills.

Thus, the Committee believes providing for noncontributing GI bill benefits in the event involuntary inscription is enacted in the future is consistent with past practice and the congressional intent of the cold war GI bill.

Any individual entering military service on or after the effective date of the law requiring involuntary induction will be eligible for the educational benefits provided by chapter 34. However, such entrants would not be eligible for participation in the chapter 32 program.

For those serving on active duty on the effective date of the reinstitution of involuntary induction and participating in the chapter 32 program, this section permits the participant the right to elect either the chapter 32 program or the chapter 34 program. The Administrator and the Secretary are authorized to prescribe jointly such regulations as may be necessary to implement the section. The section requires that any eligible participant be apprised of the right to elect between the two programs. The Committee expects that notice to each participant will include the advantages and disadvantages involved in selecting either program.

An election between chapter 32 and chapter 34 is irrevocable only after the electing participant has received a benefit payment under one program or has received a refund of his contributions to the matching fund. Until such time, the veteran is free to change his election from one program to the other.

Should the veteran decide to come under chapter 34, he is automatically deemed to have disenrolled under chapter 32 and become eligible upon application for a refund of his contributions to the matching fund pursuant to section 1623. Most participants will probably find it to their advantage to choose the chapter 34 program rather than continue participation in the chapter 32 program. However, there will be instances when it will be to the advantage of the veteran to elect the chapter 32 program.

For those who elect chapter 34, entitlement accrues from the effective date of the legislation enacting the involuntary induction.

TITLE V—CHAPTER 36 EDUCATION LOAN AND PROGRAM ADMINISTRATION AMENDMENTS

Section 501

This section provides 8 percent increases in the benefits payable to those training by correspondence or enrolled in apprenticeship or other on-job training.

Clause 1 amends section 1786(a) authorizing the pursuit of education by correspondence to provide an increase in the benefits consistent with the increases in educational assistance allowances made by the reported bill. Accordingly, the period of entitlement of any veteran or other eligible person is to be reduced by 1 month for each $292 (currently $270), paid to the veteran or eligible person for such course.

Clause 2 amends section 1787(b) to provide an 8 percent increase in the monthly training assistance allowances payable to veterans or other eligible persons pursuing a full-time program of apprenticeship or other on-job training. The following table shows a distribution of trainees by occupation:

TABLE 28.—VIETNAM ERA VETERANS PARTICIPATION IN APPRENTICESHIP AND ON-JOB TRAINING, BY FIELD OF TRAINING (OCTOBER 1967-JUNE 1975, CUMULATIVE)

Field of training	Apprentice training	Other on-job	Total
Technical and managerial	3,429	49,592	53,021
Clerical and sales	1,217	11,195	12,412
Service	5,429	46,465	51,894
Farming, fishery, forestry and related	299	3,136	3,435
Trade and industry	181,004	82,755	263,759
Miscellaneous	7,934	8,474	16,408
Total	199,312	201,617	400,929

For a veteran with no dependents, the monthly assistance allowance for the first 6 months of training is increased from $196 to $212. Married veterans would receive $238, up from the current $220. The addition of a child boosts the rates from $240 to $260 with $11 for each additional dependent. Training allowances for the second and third 6-month periods would be increased respectively to $159 and $106 from the current allowance of $147 and $98. The assistance rates for the fourth and any succeeding 6-month period would be increased from $49 to $53 per month. Proportional increases for veterans with dependents would also be provided. The Veterans' Administration estimates that 110,540 veterans will train at a first year additional cost of $14.0 million, decreaseing gradually to 78,870 veterans and a cost of $9.6 million in the fifth year, all as reflected in the following table:

TABLE 29.—8-PERCENT INCREASE FOR APPRENTICESHIP/OJT

	Trainees	Cost (millions)
Fiscal year:		
1977	110,540	$14.0
1978	82,790	11.7
1979	81,530	11.0
1980	80,220	10.2
1981	78,870	9.6
5-yr total		56.5

Section 502

This section liberalizes and expands the VA direct educational loan program provided for in subchapter III of chapter 36. First authorized by the Vietnam Era Veterans' Readjustment Assistance Act of 1976 (Public Law 93–508), this program authorizes supplementary assistance of up to $600 a school year to veterans and eligible dependents by direct loans to them from the Veterans' Administration to cover educational costs not otherwise provided under title 38 or other Federal loan or grant programs. Both eligible veterans and eligible persons training under chapter 35, either enrolled on at least a half-time basis in a course leading to a standard college degree or enrolled in an approved professional or vocational objective course of at least 6 months duration are eligible for a loan of up to $600. Such a loan is available only if the veteran or eligible person is unable to obtain the additional assistance needed through the Guaranteed Student Loan Program administered by the Department of Health, Education, and Welfare. Applicants must establish that available financial resources (including guaranteed student loan funds) are not sufficient to meet educational costs. Currently the interest rate for VA educational loans is 8 percent per annum on the unpaid balance. No interest accrues on the loan balance until the beginning date of repayment.

A loan fee (currently 3 percent of the loan amount) is deducted from the loan in order to establish an insurance fund for defaults. Repayment may be made in semiannual, quarterly, or monthly installments (there is no penalty for repaying in advance all or any part of the loan). Repayment begins 9 months after veteran or eligible person ceases to be a half-time student. A veteran or eligible person has 10 years to repay the loan. Repayment of both principal and interest is deferred during any period when the veteran or eligible person is enrolled on a half-time or greater basis under the GI bill.

When the program was originally enacted in the waning days of 1974, the Veterans' Administration estimated that in fiscal year 1975 and in fiscal year 1976 a combined total of nearly 261,000 veterans would be unable to secure funds from other Federal loan programs and would receive direct VA education loans. In fact, the cumulative loan program experience in the past 2 years has been that only 12,188 loans or [illegible] percent of the number originally estimated by the VA have been made.

Even more startling than the small number of loans granted is the high percentage of those applications which have been denied. Nearly 42 percent of all applications were denied, as reflected in the following table:

TABLE 30.—VA EDUCATION LOANS

	Fiscal year 1975	Fiscal year 1976	Program cumulative
Applications received	6,999	13,781	20,780
Loans approved	3,181	9,007	12,188
Loans granted (paid)	2,740	9,236	11,976
Total obligation (thousands)	$1,458	$5,107	$6,[illegible]65

Hard data as to the reasons why the program is not functioning as expected by both Congress and the administration is generally not available because of the almost total failure of the Veterans' Administration to gather any meaningful data about it. Indeed, apart from knowing the number of applications, the number of loans granted and the amounts of these loans, the Veterans' Administration has informed the Committee that it had no other data. Subsequent to Senate hearings in October, 1975, a general request was made by various regional officies for an analysis of the education loans which has been granted. According to the information received from the regional offices, lack of financial need was cited as the reason for denial in over 60 percent of the cases. Without additional data to assess the financial situation of those who were denied loans, the Committee is unable to determine the propriety of the denials and the extent to which administrative antipathy to the program may have resulted in the application of unduly stringent criteria.

Rather, more pertinent is the testimony of the Chief Benefits Director of the Veterans' Administration, before the House Committee on Veterans' Affairs earlier this year, in which he said:

> The education loan program which went into effect on January 1, 1976, has not been as popular a program with veterans as we had anticipated. One reason for this general lack of interest is, we believe, the fact that the amount available ($600) per academic year is relatively low. Just as a point of comparison—2 months of full-time assistance allowance for a single veteran yields $540. Also, the requirement to list at least two lenders who refused to make a loan under the guaranteed student loan program may serve to inhibit application for the program.

In the absence of specific data to the contrary, the Committee is inclined to accept the admissions of the Chief Benefits Director that the low amount of the loan and Government red tape culpable for the low program participation. Accordingly, the reported bill would increase the basic amount of the loan to $2,000, a figure identical to that which unanimously passed the Senate in 1974. This section also provides that the basic interest rate charged on the loans shall be comparable to and not exceed the interest rate charged with respect to other Federal insured student loans. At present, veterans are paying slightly higher interest than is paid on other Federal loans.

To assure proper operation of the program, the Committee also intends that the Veterans' Administration revise its regulations so that the procedure for obtaining a VA loan does not tend to inhibit those who, in fact, are eligible and entitled to them. In this connection, the Committee expressly intends that certification by a school loan officer that other federally insured loans are not generally available to the veterans in the area of the school will satisfy the current requirement of specific "turn downs" by approved lenders.

In this connection, the Committee is aware that students, including veterans, face increasing difficulty in obtaining loans through the guaranteed student loan program. The report of the American Bankers Association student loan task force, issued in March 1975, for example, found that "the opportunity cost of placing available funds into higher yielding, relatively riskless investments clearly makes student loans an expensive community service for the average bank.". The report noted that for the first 3 months of fiscal year 1975, the number of loans made was 27 percent less than the same period of 1972 and, despite inflation, the amount loaned was 26 percent. A survey of lenders and borrowers in the guaranteed student loan program, prepared for the Office of Planning, Budgeting and Evaluation in the Office of Education of the Department of HEW (May 31, 1975), found that:

> GSLP has not evolved into a student aid program accessible to all students. Legislation and OE regulations aside, large numbers of lenders have introduced additional constraints on student eligibility. For example, some restrict loans to existing customers, do not give loans to first-year students, do not give loans to vocational school students, or prohibit loans to students holding GSLP loans from other lenders. Their rationale for imposing these constraints reflects their judgment that the student or program is best served by not granting some loans and that lender funds must be rationed in any program operating at a net loss.

The survey also found that 62 percent of the lenders always (and another 9 percent frequently) determine whether or not the applicant or his family was a current customer, a determination which the report concluded, "implies a requirement (or at least a strong preference) for this status for receiving an approved loan." The survey also observed, what was termed, a geographic effect. That is, it said:

> Within a specific lending market area (e.g., a city or SMSA), if one lender limited GSLP loans to customers, the other lenders tended to do the same. Their rationale was that otherwise a more liberal lender would end up with more than its share of GSLP loans, which, by their claim, was unprofitable for each loan.

Data submitted by the administration, with respect to this year's budget, also indicates that in the coming academic year, the number of loans will decline from 834,000 to 500,000 (and that the average loan will decline from $690 to $500). Thus, it was not surprising that the House Committee on Education and Labor, in its report accompanying H.R. 1407 (H. Rept. No. 94–1232), found that "in many parts of the country, it is becoming increasingly difficult for a family to secure a guaranteed loan at all from their local banker."

Accordingly, the Committee places much greater emphasis on the VA direct loan for those veterans attending higher cost institutions who will require loans in addition to the VA monthly educational assistance allowances in order to meet educational and living expenses. Difficulties in obtaining guaranteed student loans by all students make it all the more important that the VA direct loan program be an efficient and accessible program making loans to those entitled as intended by Congress and this Committee.

Section 503

This section amends subchapter I of chapter 36 relating to State approving agencies by increasing the amounts payable for reimbursement of administrative expenses and allowing, in appropriate instances, subcontracting by State agencies.

Clause 1 amends section 1774(a) to permit the Administrator to also reimburse agencies for work performed by their subcontractors when the work has a direct relationship to the educational assistance programs authorized by title 38 and has the prior approval of the Administrator.

The Committee is aware that the complexities of verifying compliance with the numerous requirements of chapters 34, 35, and 36 may augur for the use of subcontractors who possess the expertise to ascertain if institutions are in compliance with some of their requirements. The Committee understands, for example, that certain subcontractors may be more readily able to ascertain with greater precision if institutions are in compliance with that section (1673(a)(2)) requiring institutions to demonstrate that at least half of the persons who completed vocational courses obtained employment in the occupation for which trained. Use of subcontractors here, or in other areas where State approving agencies are either less equipped or less inclined to ascertain verification rigorously, will be of benefit not only to the agency but also to the Veterans' Administration and the taxpayers as well.

Clause 2 amends section 1774(b) to increase by 8 percent the allowances payable by the Administrator for administrative expenses incurred by State approving agencies in administering educational benefits under chaptres 34 and 35. In 1968, Congress amended section 1774 to provide, in addition to reimbursement for necessary expenses of salary and travel, that the Veterans' Administration would also pay an allowance to the State agencies for the fair share of their administrative expenses as well. The amount payable, which is found in a formula contained in subsection (b), is determined by the size of the contract between the Veterans' Administration and the individual State for the amount of expenses authorized in section 1774(a). Testimony by representatives of the National Association of State Approving Agencies, in 1972, that the allowances provided under subsection (b) covered only 48 percent of the actual cost of administering the program led Congress to double the allowance in Public Law 92–540. Amendments contained in the Vietnam Era Veterans Readjustment

Assistance Act of 1974 (section 210(1) of Public Law 93-508) provided additional cost-of-living increases. The amendment contained in clause 2 would provide such increases as are consistent with those made throughout the reported bill.

Section 504

This section amends section 1775 relating to the basic approval of accredited courses, to clarify and codify institutional responsibility with respect to recordkeeping and to require schools enrolling veterans to specify their policies with respect to standards of progress.

The need for specific institutional standards of progress results, of course, from the fact that payment to an eligible veteran is conditioned upon such progress and must be discontinued promptly by the Veterans' Administration if not met. During the past year, increased VA compliance surveys of institutions of higher learning have revealed many instances where schools did not maintain accurate, current or complete records of the academic progress of veterans enrolled therein. Further, many schools have such vague or virtually nonexistent standards of progress that it is difficult, if not impossible, to determine at what point in time educational benefits to veterans should be discontinued. Responding to this problem, the Veterans' Administration revised their regulations last year to clarify and reemphasize long-standing policies with respect to satisfactory progress and adequate records. The amendments adopted in this section are intended to codify and further clarify this policy.

Clause 1 amends section 1775(a) to require that the catalog or bulletin of the educational institution must be certified by an authorized representative of the school as being true and correct as to content and policy. Such catalog or bulletin must also specifically state the school's progress requirements for completion of the course. The certified information, currently required of certain schools by section 1776 (b) (6) and (7), would be applied to all institutions including accredited schools. At a minimum, the certified catalog or bulletin must include information as to institutional policy and regulations relative to standards of progress required of the student by the institution. This policy must define the grading system of the institution, the minimum grades considered satisfactory, conditions for interruption for unsatisfactory grades or progress and a description of the probationary period, if any, allowed by the institution, as well, as the conditions for reentry for those students dismissed for unsatisfactory progress. A statement regarding progress records kept by the institution must be made and furnished to the student. In addition, institutional policy and regulations, relating to student conduct and conditions for dismissal for unsatisfactory conduct, must be included in a certified catalog or bulletin.

Clause 2 amends section 1775(b) to require that as a condition of approval of an accredited school, the State approving agency must find that the records showing progress of the student include, at a minimum, the same information now required of those schools covered under section 1776(c)(7) of title 38 (with the exception of attendance). The Veterans' Administration, which favors the proposed changes, states that they would "aid in curtailing a number of abuses which have occurred in the program." The Veterans' Administration believes cost savings will result, but it has insufficient data upon which to base any estimate.

Section 505

Three substantive changes to section 1780(a) of title 38 are made by this section. The first adds a new clause 3 which provides that the Administrator shall not pay benefits to any eligible veteran or person for auditing a course. This provision simply clarifies and codifies long standing VA policy interpretation of existing statutory authority. In 1971, the director of the Compensation Pension and Education Service restated the position of the Veterans' Administration succinctly when, in written response to a question posed by a regional office director, he said:

> Auditing a course generally involves all of the privileges of a student in a course without incurring the obligations of completing the required course work. Usually an auditor may attend all the lectures for a course, but he is not required to complete any assignments or take examinations. Students do not receive any credit for courses they have audited because they have not completed the course work. In effect, auditors do not take a course but merely attend lectures. *A course which is being audited may not be considered for payment purposes either as a noncredit deficiency course or as a credit course.*

Section 1780(a) is further amended by adding a new clause 4 prohibiting payment of educational assistance benefits to veterans or chapter 35 eligible persons for those courses in which the grade assigned is not used to compute the requirements for graduation (including a course from which the student withdraws) unless the Administrator finds that there are mitigating circumstances which would permit payment.

The increasing permissiveness of the educational community with respect to class attendance and non-punitive grading and withdrawals, unfortunately, presents an unparalleled opportunity for substantial abuse by certain veterans. Often, a veteran can enroll in an institution and never set foot inside the classroom until the last day of the semester when he is permitted to withdraw without penalty. The following semester, he is allowed to repeat the process all over again while receiving VA benefits month after month. Established overpayments for some individual veterans are in excess of $12,000. In one instance, a veteran received VA benefits for attempting over 120 credit hours and, yet, had received grades used in computing the requirements for graduation for only 8 hours. In another instance, a report following an inspection of a midwestern college by the state approving agency stated:

> I conducted an inspection regarding the progress records of 32 veterans who are presently attending or recently attended [name of school deleted]. The inspection indicated that a grading policy authorized by the school is being abused to the extent that veterans are registering for courses, do not complete the work assigned, so they receive an NC (no credit) grade at the end of the quarter, and yet receive their

> GI benefits for nonacademic achievement. Example: A veteran registered for courses in fall, 1973 (12 credits); winter, 1974 (14 credits); spring, 1974 (12 credits); total 38 credits. The veteran received all NC grades or zero (0) credits earned out of a possible 38 credits, received his GI benefits (12 credits per quarter considered full-time) and is still allowed to continue enrollment in the school even though this student demonstrated nonacademic achievement. * * * In reviewing the 1974–1976 catalog * * * the grades are described as follows: A, B, C, D, W, NC, P, V. There is no failing mark such as U or F. Therefore, it is presently impossible for a student to be dismissed because of failing grades.

Certain institutions (often those who receive state assistance based upon the number of enrolled students) apparently are either unaware or unconcerned that such practices are occurring. Veterans' Administration compliance surveys of institutions of higher learning conducted during the past year reveal that the abuse is apparently widespread. An audit of 6,455 veterans records at one community college disclosed discrepancies in 2,771 cases, (43 percent) resulting from misuse of the "W" (withdrawn) grade. At another institution, following questions raised by the Veterans' Administration, the institution conducted a close examination of students records for the first time. The examination resulted in the determinations of unsatisfactory progress for 1,029 of its 3,000 enrolled veterans. A staff report of the House Appropriations Committee released on March 5, 1976, concerning VA overpayments concluded that:

> It is certain there are many more cases yet undiscovered, because the conditions in the VA and the schools make abuses of the education program easy. There are no certifications of attendance to say whether veterans are attending classes, nor is there rolltaking. There is shoddy recordkeeping and a grading system that permits the student to continue enrollment without learning anything or making any progress. Undoubtedly, there are abuses nobody knows about yet.

The Committee concludes (particularly in the absence of attendance certification requirements such as those required of Korean conflict GI bill trainees that failure to take a course to a final grade which will be used in computing the requirements for graduation, presents both an enormous potential for abuse and avoids basic Congressional intent. Such situations do not differ fundamentally from auditing courses for which the VA has traditionally refused payment.

The Administrator is granted authority under this section, however, to waive the requirements of this provision if he finds there are mitigating circumstances. While the Committee expects the VA to enforce the provisions in a manner which eliminates Federal payments to those not seriously pursuing an education, it also intends that the waiver authority be exercised with compassion and with an understanding of the domestic difficulties and the problems often encountered by educationally disadvantaged veterans making a serious attempt to obtain an education. The Committee would also hope that schools would exhibit greater concern for the successful pursuit of studies by educationally disadvantaged veterans including for example securing, where appropriate, VA financial tutorial assistance, pursuant to section 1692 of title 38 (as liberalized and expanded by section 210 of this Act).

The third substantive amendment of this section adds a new clause 5 prohibiting payment of VA benefits for a program of education by correspondence (or the correspondence portion of a combined correspondence-residence course) when the normal completion time of the course is less than 6 months. Under the amendment, institutions will be required to certify to the Administrator the normal period of time required to complete the course. Training by correspondence is paid at the rate of 90 percent of the cost of the course without limit. Residence training is paid at a monthly rate of $270 ($292 under the reported bill). Veterans' Administration policy, permitting combined correspondence-residence courses has given rise to a number of abuses. In a typical case, a combined correspondence-residence course is developed for a vocational objective—such as long-haul truck driver or heavy construction equipment operator. The cost of such courses typically range from $1,000 to $2,500. The residence portion of the course (which generally imparts whatever real skills the course provides) usually lasts no more than 2 to 3 weeks. The correspondence portion, is often of questionable value and is usually completed very quickly. For example, the Veterans' Administration has informed the Committee that their records reveal that the correspondence portion of such courses are often completed in a week or so and that there are numerous instances in which the correspondence portion is completed on the same day that the veteran enter training. In a number of cases, there have been allegations that the course salesman actually completes the correspondence portion of the course for the veteran. Committee staff members found no difficulty in completing a $1,000 correspondence portion of a course in a few hours time.

What has happened, of course, is that the major cost of the course has been charged (or "front loaded") to the correspondence portion of the course in order to take advantage of that provision of law which permits payment at the rate of 90 percent of its cost. The Veterans' Administration, in reporting favorably on this section's amendment outlined in this section, told the Committee:

> It has been determined that, in the case of the majority of these combined courses, there has been front loading of the correspondence portion of the course in that the majority of the cost for the overall combined course is charged for the correspondence segment of the course. A relatively brief period of residence training is generally required following the taking of the correspondence lessons. It has been found that in many of these combined courses the correspondence portion of the program, for which the bulk of the charge is made, is of questionable value.

Such practices are contrary to the basic intent of the law regarding payment for training under the GI bill. Abuse can also exist with respect to a course of training pursued exclusively by correspondence. An example of such abuse occurs when what is really being sold to the veteran and paid for with Federal funds is expensive equipment rather than training for a vocational objective.

Thus, to help prevent and reduce abuse in these situations, section 1780(5) provides that the VA payment will not be made either for the pursuit of a program of education exclusively by correspondence as authorized under section 1786 or for the pursuit of a correspondence portion of a combination correspondence-residence course leading to a vocational objective, when the normal period of time required to complete such correspondence course or portion is less than 6 months. Certification as to the normal period of time required to complete the course must be made to the Administrator by the educational institution. The Committee recognizes that although the normal completion time must be 6 months or more that there will be some gifted students, generally not exceeding 20 percent of the total, who may, because of skill and diligence, complete the course in somewhat less than the required 6 months period.

In adopting this provision, the Committee observes that it is consistent with the provisions of the VA education loan program which requires, as a condition of eligibility under section 1798(c)(1), that vocational objective courses must be of 6 months duration or longer. The 6 month requirement is also consistent with longstanding requirements for participation in the guaranteed student loan program as managed by the Office of Education. OE's regulations which were revised in 1975, provides as a condition of eligiblity, that:

> In the case of a program offered by correspondence requires not less than an average of 12 hours of preparation per week over any 12-week period in completion and not less than 6 months * * *

The Veterans' Administration favors this proposal, stating that it will "be of assistance to us in curtailing the abuses which have occurred in this program". Although they believe cost savings will result from enactment of this provision, they are without sufficient data upon which to base a cost estimate.

Section 506

This section amends section 1780(a) to liberalize provisions governing the period for which payment may be made to an eligible veteran or person. Section 1780(a) normally provides that payment of educational assistance allowances may not be made for any period during which a veteran or eligible person is not enrolled in and pursuing a course in accordance with the regularly established policies and regulations of the educational institution. The amendment made by this section adds three exceptions to the general rule. The first exception simply restates existing law permitting continued VA payments when schools are temporarily closed, based upon an Executive order of the President or an emergency situation. This provision was added by Public Law 93-208 in December 1973 during the energy crisis.

The second exception would permit payment of educational benefits for a period between successive terms (not to exceed 30 days) when a veteran or other eligible person transfers to another institution. Frequently, veterans enrolled for two successive terms at a particular school transfer to a second school for a second term. Usually, they pursue the same or similar program but are denied payment for the break at the end of enrollment at the first school and the beginning of the next term at the second school, because technically they are not

731

enrolled at either school during the break period. By contrast, a student who is enrolled at the same school for both semesters is paid for the break period (except for any calendar months in which no training is scheduled).

Because the student who is transferring between semesters is not out of training for any longer period of time than the student continuing in the same school, the Committee believes that such veteran or eligible person is unfairly discriminated against when no subsistence allowance for that interval is permitted. The Committee thus regards this as an equitable amendment which treats similarly situated students alike. At the same time, the Committee is aware that this provision might possibly be subject to abuse and directs the Veterans' Administration to examine carefully any case which reveals multiple successive transfers. In reporting favorably on this proposal, the Veterans' Administration noted that:

> since transfers to the new schools are not usually made known to the Veterans' Administration promptly, overpayments have been created which result in nonpayment periods for the veteran or dependent in the new term when the overpayment is collected. The veteran usually has already spent the money and has no current funds for his training.
>
> The proposal would end the need for creating an overpayment against the veteran or dependent for this interim period of time, would eliminate the imposing of hardship on such an individual by requiring the collection of the overpayment during a period of time the individual needs funds for education or subsistence, and would eliminate the paperwork required for creating and collecting the resulting overpayment.

The third exception concerns those situations where educational institutions do not certify the students' enrollment for the full school year, but, instead, certify only on a one term, quarter, or semester basis. Because section 1780(a)(1) currently provides that educational assistance allowances may not be paid for any period during which a veteran or eligible person is not enrolled or pursuing a course in accordance to regularly established policies and regulations of the educational institutions, payments are not authorized during intervals between terms for those students attending schools which do not certify for the full school year. The exception permitted under this section would allow the payment of benefits to continue during these intervals if they do not exceed one full calendar month. In the case of courses not leading to a standard college degree, however, such absences shall be counted for the purpose of computing the annual 30-day absence limit. Payments authorized under this section are to be made for such intervals upon receipt of the schools certification revealing enrollment of the student in the term following the interval between terms.

This would allow the student to continue to receive his allowance in the same manner as those students who are certified for the whole school year. The Veterans' Administration also favors this provision stating that it would "eliminate a situation which amounts to discrimination against a small number of veterans and dependents who are penalized where the school certifies on this limited basis." Although lacking precise data upon which to base a cost estimate, the Veterans' Administration believes that the cost would "not be significant".

Section 507

This section amends section 1784(a) to clarify and codify when an interruption or termination of a course of education by a veteran or eligible person occurs. Section 1784(a) requires that educational institutions report to the Veterans' Administration without delay any interruption or termination of a veteran or any other eligible person enrolled therein. This amendment codifies long-standing policy now expressed in regulations which is that the date of interruption or termination for institutional training is the last day of pursuit by the student. The Committee notes that the lack of prompt reporting on the part of schools, coupled perhaps by ignorance of or confusion about the meaning of 1784(a), has contributed, in significant part, to the overpayment problem currently being experienced under the GI bill. The General Accounting Office report on overpayments (MWD-76-109) noted that 41 percent of overpayments were caused either by the failure of either the institution or the veteran to notify promptly the Veterans' Administration.

The Committee is cognizant of the difficulties sometimes encountered by large institutions in ascertaining the last date of a veterans pursuit of education particularly when little, if any, emphasis is placed upon class attendance. Although the Committee does not expect extraordinary measures to insure compliance with section 1784(a) (such as, regular taking of attendance by instructors or individual monthly certification by veterans) it does expect reasonable diligence by institutions and their employees to ascertain and report terminations or interruptions promptly. The failure of students to submit required papers or reports or to appear for examinations may be appropriate benchmarks in making such determinations. Generally, report of such terminations or interruptions should be submitted by the institution no later than 30 days after the event occurs. Notwithstanding the foregoing the Committee intends that the Veterans' Administration recognize that special circumstances may require some flexibility in the interpretation of this rule.

In some instances, even the best school reporting system may not be capable of detecting an enrollment change as it occurs. When this is the case, the 30-day period may be counted from the earliest point (rather than the actual day of occurrence), that the school could possibly have learned of the enrollment change or termination. The provision is favored by the Veterans' Administration.

Section 508

This section amends section 1784(b) to increase by at least 50 percent the reporting fee paid to institutions for certifications made to the Veterans' Administration. When the current GI bill was enacted into law in 1966, no provision was made for payment of any fee to institutions for certifying veterans who were enrolling in their institutions. Subsequently, however, Public Law 90-77 authorized the payment of a reporting fee which is computed by multiplying $3 by the number of eligible veterans or persons enrolled in the institution. This reporting fee was later amended by section 315 of Public Law

92–540 to provide an additional dollar in each case where an advance payment check is directed in care of the institution for temporary custody and delivery as provided for in section 1780. In the current fiscal year, reporting and check handling fees paid to schools nationwide will total approximately $6.4 million.

In recent months, a number of schools have contacted the Committee urging that the reporting fee be increased. And, the General Accounting Office, in a report concerning overpayments, noted that:

> In the 8 years that the $3 reporting fee has been in effect, it has not been reevaluated to determine its adequacy in light of rising school operating costs and as an incentive for timely reporting of training status changes.
>
> In view of the identified delays in school reporting and school officials' comments about the inadequacy of the current $3 reporting fee, we believe VA should reevaluate the fee and, if appropriate, submit amendatory legislation to the Congress.

The Veterans' Administration, in its report to the Committee, also noted that:

> In recent months, the Veterans' Administration has received complaints from educational institutions throughout the country indicating that they were unable to maintain adequate administrative functions concerning veterans and dependents based upon the current payment from the Veterans' Administration. Schools have indicated that the inflationary pressures, additional burdens put upon them with advance payment, standards of progress requirements, and the 50 percent employment surveys where applicable, they have had to increase their administrative staffs.
>
> We believe that an increase in the reporting fee at this time is warranted.

The Committee concurs and would increase the basic reporting fee from $3 to $5 in the case of most schools. The Committee would also increase the basic reporting fee from $4 to $6 in those instances where schools handle advance payment checks authorized to be paid under specified conditions. The Committee acknowledges that these fees, even as increased, may not cover all expenses incurred in complying with various reporting requirements. The Veterans Student Services program established under section 1685, however, makes available veteran work/study students who may be utilized in "the preparation of processing of necessary papers and other documents at educational institutions . . ." In the current fiscal year, VA financial work/study students will devote over 5 million hours ($10.5 million) to the processing of such papers at educational institutions.

Limitations on the maximum number of work/study students or hours which can be used for this and other purposes were removed by Congress in Public Law 93–508. Section 1685(c) now provides that the Administrator shall determine the number of veterans whose services can be effectively utilized. Accordingly, institutions who need additional assistance in completing certifications and other requirements of the Veterans' Administration should make application for such assistance during the Administrator's annual survey as required by section 1685(c). The Committee intends to monitor closely the disposition of these applications filed henceforth.

The Veterans' Administration estimates that enactment of this provision would result in the following additional administrative expenses as shown in the following table:

TABLE 31. REPORTING FEE INCREASE

Fiscal year and administrative cost:	
1977	$3,250,000
1978	2,880,000
1979	2,585,000
1980	2,235,000
1981	1,890,000
Total	12,840,000

The Congressional Budget Office, however, estimates that the cost of this program will be $5.1 million in fiscal year 1977, declining to $3.8 million in fiscal year 1981.

Section 509

Subsection (*a*) amends sections 1788(a)(1) and (2) relating to the measurement of courses not leading to a standard college degree. The amendment would reduce the number of clock hours necessary to qualify as a full-time course.

Currently, section 1788(a)(1) provides that an institutional, trade, or technical course, not leading to a standard college degree (offered on a clock-hour basis), which involves shop practice as an integral part, thereof, must have a minimum requirement of 30 hours per week (of which 2½ hours may be rest period) in order to qualify as a full-time course. Section 1788(a)(2) provides that any institutional course, not leading to a standard college degree (offered on a clock-hour basis), in which theoretical or classroom instruction predominates, must have a minimum of 25 hours a week in order to qualify as a full-time course.

The 30-hour clock-hour requirement was enacted 25 years ago when there were few, if any, vocational or technical education courses above the high school level. Today, prevailing educational practice (and State policies) for postsecondary institutional and trade or technical courses generally regard 20 to 27 hours per week for full time for nonveteran students.

Similarly, the 25-hour rule, which governs noncollege degree courses covered by section 1788(a)(2), for the most part, exceeds that now required of nonveterans. In order to qualify for full-time veterans' benefits. Most institutions not leading to a standard college degree, add 5 or more hours a week of "supervised study". Supervised study is essentially a "study hall" in which students do assigned homework with an instructor available to answer questions.

Nonveteran students complete their homework on their own in a nonsupervised situation. Available evidence suggests that there is little, if any, variation in either school performance or in the attainment of vocational objectives between nonveterans who attend fewer clock-hours and veterans who must attend an additional 5 or more hours of supervised study each week. For example, a recent survey of data processing graduates, comparing day students who trained 5 hours a day (1 hour of which is supervised study), and night students who train 4 hours a day, revealed little differences in jobs attained or salaries achieved by the two groups of graduates. Both day and evening students are provided with 120 class sessions, both students receive the same basic and general theory, and both have the same programing production requirements. The only difference is that the day students perform their homework in class (supervised study) and the evening students perform their homework outside of class.

The Committee also notes the increasing tendency of many degree granting institutions to convert vocational objective courses, previously measured under section 1780(a) (1) or (2), to degree granting programs where courses approved for full-time benefits now often require as little as 12 hours per week. Whether it be an associate degree in automotive repair or a degree program in electronics or certain health care professions, the degree granting programs are distinguished more by what they have in common than by their dissimilarities with comparable courses offered on a clock-hour basis by nondegree granting schools. Indeed, representatives of the American Association of Community and Junior Colleges, appearing before the Committee some time ago, criticized the current clock-hour requirements in sections 1780(a) (1) and (2) and stated:

> The veteran enrolled in courses of education measured on the 30-hour basis often feels: That he is being discriminated against because of his interest and is being penalized because his abilities are trade oriented as opposed to technical or college parallel. He is often discouraged and may eventually drop the course prior to completion of course requirements, or he will request transfer to technical or transfer curriculum which will permit him to draw full-time benefits. The change usually results in a student veteran in a course which he is either not suited to his goal or his abilities. In end result is another dropout who is no better qualified to take a position in the world of business or industry than he was prior to enrollment.

Further, the 1974 study of the GI bill, mandated by Public Law 92-540 and conducted by the Educational Testing Service of Princeton, New Jersey, concluded that "differences in treatment of veterans pursuing college degrees and veterans pursuing nondegree post-secondary educational programs may be inhibiting the use of benefits for below college level training."

Given the foregoing, the Committee believes that a reduction in the minimum number of clock-hours is warranted and can be accomplished without a reduction in the quality of the course or lessened attainment of vocational objectives by its graduates. Consistent with the foregoing discussion, the Committee, in permitting a reduction in clock-hours, expressly excludes supervised study in computing the required number of hours. This new measure is limited to schools accredited by nationally recognized accrediting agencies and approved pursuant to section 1775. The Committee has been assured by representatives of applicable accrediting bodies that such clock-hour reduction will not result in the diminution of the quality of courses offered. Accordingly, the Committee expressly intends that such accrediting bodies take appropriate measure so that this does not occur. Any evidence to the contrary will result in prompt Committee reevaluation of the amendments made by this section.

Subsection (b) amends section 1789 by adding a new subsection (c) limiting the current statutory exceptions to the "two year" rule contained in that section. Section 1789(a) provides that the Administrator shall not approve the enrollment of an eligible veteran in any course offered by an educational institution when such course has been in operation for less than 2 years. Legislation requiring the expiration of a specified period of time before courses offered by an institution could be approved for the enrollment of veterans with available Federal funds originated in the closing years of the World War II GI bill. Experience with the World War II GI bill disclosed the development of schools and courses which were almost exclusively aimed at veterans eligible for GI bill payments.

The abuse posed by such operations finally became all too evident and Congress responded by enacting Public Law 81–266 which contained provisions prohibiting GI bill payments to veterans training in institutions which had been in operation less than 1 year. The amend-than in collecting sizable Federal payments. As with the limitations subsequently enacted on the number of federally assisted students who could be enrolled in any course, this provision was a device intended by Congress to allow the free market mechanism to operate and weed out those institutions who could survive only by the heavy influx of Federal payments. As implemented by regulation, the Veterans' Administration treated as a new school any new branch campus other than one established in close proximity to the original school that was "necessary to handle the overflow of students in the parent institution."

Subsequently, legislation was enacted as part of Public Law 81–610 which specifically exempted from the 1 year requirement any public or other tax supported school. Although the legislative history concerning this exemption is minimal, the exception, no doubt, reflected an assessment that the majority of problems which first occasioned the rule originated with proprietary-for-profit schools. It should be noted, however, that the Veterans' Administration expressed reservations at the time about such an exception to the 2-year rule noting that:

> The very purpose of the general requirement that a school must have been in operation for at least 1 year is to insure that it shall have proven its worth for a reasonable period of time so that the interest of the veteran will be protected and Federal funds will not be expended wastefully. If the purpose is to be carried out effectively, the requirement must be as nearly uniform as possible.

The Korean conflict GI bill (§ 227, Public Law 82–550) provided that a course must have been in operation for at least *2 years* before veteran enrollment could be approved. The House Veterans' Affairs Committee report, accompanying that legislation (H.R. Rept. 82–1943), termed this provision "a real safeguard to assure sound training for veterans at reasonable cost by seasoned institutions." They further noted that had such a requirement been in effect for most of the life of the World War II GI bill that there was "little doubt that considerable savings would have resulted and much better training would have resulted in many areas."

The Korean conflict GI bill also provided exceptions which were expanded somewhat without discussion with the enactment of the current GI bill program (Public Law 89-358). A minor exception, with respect to certain institutions offering courses under subchapter V or VI of chapter 34, was adopted in 1972 (Public Law 92-540).

The basic rationale of the current exceptions to the 2-year rule has come under serious question in recent years. Certain institutions, both public and proprietary, have suddenly developed many branch campuses throughout the United States. For the most part, these schools also have entered into extensive recruiting contracts directed almost exclusively at veterans. The Veterans' Administration, in a favorable report to the amendments proposed by this section, stated that:

> In recent months, a number of instances have been brought to our attention which represent abuse of our educational programs. Some of these cases involved contracting between nonprofit schools and profit schools or organizations whereby courses designed by the latter are offered by the non-profit, accredited school on a semester- or quarter-hour basis. In others, there are arrangements between nonprofit, accredited schools and outside profit firms whereby the latter, for a percentage of the tuition payment, perform recruiting services primarily for the establishing of these branch locations for the school. These recruiting efforts are aimed almost exclusively at veterans.

The increase in veteran enrollments in schools establishing multi-branch campuses has often been spectacular. In one instance, a small institution of higher learning (accredited by a regional accrediting institution), which had only a handful of veterans enrolled at its single campus, in less than a year developed branch campuses (which often were rented rooms in local motels) in over 40 States and increased their veteran student population to over 13,000.

In testimony before Congress this year, the Veterans' Administration testified that there has been a—

> dramatic rise in the number of recruiting, consulting, and other specific service-type contracts that schools are entering into with profitmaking organizations. The most common type of contract involved recruiting services offered to degree granting schools, particularly business colleges, by profit-making, noneducational organizations.
>
> The nonprofit educational institutions which are entering into these recruiting contracts are generally colleges accredited to offer standard college degrees. Thus, they are not subject to the 2-year rule, the 85 to 15 percent ratio requirement, or the 50 percent employment requirement. The proliferation of business colleges, as well as other colleges, entering into recruiting contracts which *capitalize on these special exemptions raises serious questions concerning the validity of the legislative premise which gives special exemptions to degree granting institutions.* [Emphasis added.]
>
> The services offered by these nonacademic organizations include bookkeeping, computerizing school records, recruiting students, training the school's recruiters, supplying instructors, supplying course outlines, material, and textbooks, and helping the colleges set up additional classrooms off the college's traditional main campus.

> Some contracts cover only one of these services, some several, and some all of them. In return for these services the outside organization receives a portion of the tuition charged by the schools.
>
> Where the outside organization was itself a school it appears as though the contract was a method of avoiding the 2-year operation requirement, the 85 to 15 percent veteran-nonveteran ratio requirement and other sections of the law specifically forbidding approval for certain types of vocational courses. In some cases the colleges offering the courses were giving up control over the courses.
>
> We have found that the recruiting organizations are primarily recruiting veterans. Although the contracts cite the need to "recruit students" who would otherwise be denied educational opportunities, we have found that, in reality, the only people being recruited are veterans and the strongest and most successful recruiting tactic is the monetary incentive to be gained from the receipt of VA benefits.
>
> As we review these contracts, it appears that the schools and the nonacademic organizations are entering into profit-making, joint venture or partnership undertakings which are directed solely at the benefits being paid to veterans and other eligible persons.

While the Committee does not undertake to assess either the quality of the instruction offered at all of these branch campuses or the motives of all those who promote such arrangements, the situation does present great potential for abuse and in several instances that potential appears to have been realized.

At a minimum, the Committee concurs with the Veterans' Administration's testimony that the current situation "raises serious questions concerning the validity of the legislative premise which gives special exceptions to degree granting institutions."

Accordingly, this section adds a new subsection (c) which provides that, notwithstanding the exceptions contained in subsection (b), the 2-year rule applies first, to branches or extensions of public or other tax supported schools when such branches or extensions are located outside the taxing jurisdiction of the public or other tax supported school; and second, to branch or extensions of proprietary-for-profit or not-for-profit institutions when such branches or extensions are located beyond the normal commuting distance of the main campus. The Committee intends that current regulations and practice found in Program Guide 21-1, chapter 196, section M-26 be applied with respect to the definition of "normal commuting distance."

The Veterans' Administration, which supports these amendments, reported that enactment would "aid in curtailing the abuses which have turned up . . .". Although they believe cost savings will result from enactment of such legislation, they were without sufficient data to estimate it.

Section 510

This section amends section 1792 establishing an Administrator's advisory committee on title 38 educational assistance programs by requiring that advisory committee to meet and consult with the Administrator on a regular basis. The amendment provides that, at a minimum, the advisory committee will meet twice a year. The advisory committee, established by section 1792, is required by statute to be composed of persons eminent in their respective fields of education, labor and management, together with representatives of various types of institutions and establishments furnishing education to veterans training under chapters 31, 34 and 35. The advisory committee's membership must include veterans of World War II, the Korean conflict, the post-Korean conflict and the Vietnam era.

The Commissioner of Education, the Administrator and the Assistant Secretary for Employment and Training Standards of the Department of Labor are all ex-officio members of the advisory committee. The Committee on Veterans' Affairs believes that such an advisory committee can serve as an important link and conduit between the Veterans' Administration and those affected by its programs. Unfortunately, the advisory committee has met sporadically and little emphasis has been placed by the Veterans' Administration upon the role the committee could play in the exchange of information and ideas. It is noted that the advisory committee has not met since October 17, 1975. A review of the history of the advisory committee meetings since 1966 reveals that it met once in 1966, once in 1967, twice in 1968, once in 1969, twice in 1970, once in 1971, and not at all in 1972. It met seven times in 1973, generally as a result of requirements of an education study directed by Congress in Public Law 92-540. The advisory committee did not meet in 1974 and it met twice in 1975. It has not met this year. Amendments made by this section would require them to meet at least twice a year.

The Committee believes that even more frequent meetings of the advisory committee are probably warranted and would be beneficial. The Committee also notes that section 1792 has long contained provisions that the advisory committee may make such reports and recommendations as it deems desirable to the Administrator and Congress. Apart from action taken with respect to Congressionally mandated studies, however, no reports or recommendations have been made to the Congress in the last 10 years. The Veterans' Administration has "no objection to these changes."

Section 511

This section amends section 1790(c) to clarify and strengthen those provisions relating to examination of records and accounts of educational institutions. Currently, section 1790(c) provides that the records and accounts of educational institutions, pertaining to eligible veterans and persons who received educational assistance under title 38, are to be available for examination by duly authorized representatives of the Government.

The meaning and effect of this section, which had always been well understood, was called into question by the adoption of provisions in Public Law 93-380, known as the Buckley Amendment, relating to protection of the rights of privacy of parents of students.

The Buckley Amendment contained in section 438 of the General Education Provisions Act as added by section 513 of Public Law 93-380 and amended by Public Law 93-568, requires that institutions receiving funds from those programs for which the United

States Commissioner of Education has administrative responsibility must obtain consent before releasing education records of students (or personally identifiable information contained therein) except to specified parties or in certain specified situations. That section in pertinent part is as follows:

> (b)(1) No funds shall be made available under any applicable program to any educational agency or institution which has a policy or practice of permitting the release of education records (or personally identifiable information contained therein other than directory information, as defined in paragraph (5) of subsection (a)) of students without the written consent of their parents to any individual, agency, or organization, other than to the following * * *

Section 438(e) of the Act provides that the consent must be obtained from the student in lieu of the parent when the student "has attained 18 years of age, or is attending an institution of post-secondary education,".

The only Federal officials specifically exempted from the consent requirement are authorized representatives of the Comptroller General, the Secretary of Health, Education, and Welfare and administrative heads of education agencies in HEW (section 438(b)(1)(c)).

The adoption of the Buckley Amendment, thus, raised questions as to whether the Administrator had legal access to student records. If it were held that he did not, additional questions were raised as to whether he could continue to comply with many provisions of title 38 such as those which direct the Administrator to discontinue payments in the case of unsatisfactory progress (section 1674) and those which provide that he may determine enrollment in, pursuit of and attendance at, various educational institutions. Closer examination of the Buckley Amendment disclosed, however, that it is not necessary for an institution to obtain consent before releasing information when the information is sought in connection with the provision of financial assistance. Section 438(b)(1)(D) excepts parties seeking information "in connection with a student's application for, or receipt of, financial aid." Because there is no legislative history indicating that "financial aid" was limited to any particular type of assistance, the General Counsel of the Department of Health, Education, and Welfare issued an opinion that veterans' benefits would constitute financial aid within the meaning of section 438(b)(1)(D). This determination meant that educational institutions could properly disclose personally identifiable information from students' education records which are relevant to veterans' benefits to representatives of the Veterans' Administration without contravening section 438(b). The Assistant Attorney General for the Civil Division of the Department of Justice concurred in this interpretation in a letter dated May 9, 1975, to the Veterans' Administration in which he said that there was "no provision in either Public Law 93-380 or Public Law 93-568 which repeals or appears intended to repeal the more specific and, therefore, controlling provisions of 38 U.S.C. § 1790(e)."

Despite this concurrence of opinion by both the Department of Justice and the Department of Health, Education, and Welfare, questions challenging the authority of the Veterans' Administration to examine pertinent student records have been and continue to be raised by certain institutions. To clarify this situation, this amedment is intended to make explicit the understanding by both the Committee and the Administration that the provisions of section 1790(c) were not nullified by the adoption of the Buckley Amendment.

Section 1790(c) has also been amended to make explicit that such records of nonveteran students, as the Administrator determines necessary to ascertain institutional compliance with the requirements of title 38, will also be available for examination by duly or authorized representatives of the Government. These nonveteran records are required for a variety of reasons including ascertaining compliance with first, the 85–15 percent ratio rule (§ 1673(d)); second, the 50 percent placement requirement (§ 1673(a)(1)); and third, the requirement that eligible veterans or persons not be charged tuition or fees in excess of those charged similarly circumstanced nonveterans (§ 1790(a)).

Records, which may be examined, include financial records (including accounts receivable ledgers), the school's basic records (not just consolidated office records or file copies), classroom roll books, financial aid records, progress records, enrollment agreements/applications and employment placement records.

Section 512

This section repeals both section 1793 relating to institutions listed by the Attorney General and section 1795 concerning limitations on period of assistance under two or more programs. A new section concerning compliance surveys is added.

Clause 1 first amends subchapter II of chapter 36 by repealing section 1793 which currently provides that the Administrator shall not approve, for the purposes of payment of educational assistance allowance, enrollment of eligible veterans in any institution listed by the Attorney General under section 12 of Executive Order 10450. This provision was added by the Korean conflict GI bill (Public Law 82–550) in 1952. An examination of the legislative history of this provision discloses neither comment by any Federal agency nor any discussion in either the Senate or House report or on the floor of either chamber.

The requirement for an Attorney General's list was abolished by Executive Order 11785 issued June 4, 1974. Accordingly, whatever need there may have been for this provision has been vitiated, rendering the section obsolete.

Section 512 also adds a new section 1793, which directs the Administrator to conduct annual compliance surveys of institutions enrolling eligible veterans. This provision requires that the Veterans' Administration conduct an annual survey of each institution offering courses which do not lead to a standard college degree. Annual compliance surveys are also required of those institutions offering a course or courses leading to a standard college degree where at least 300 veterans or persons enrolled in the school are in receipt of VA educational assistance payments. The Committee cannot stress enough that the most comprehensive or detailed laws and regulations are of little consequence without active and effective enforcement. A number of the abuses uncovered in recent years (discussed elsewhere in this report), have flourished principally because of insufficient personnel and inadequate compliance surveys.

These abuses which have been uncovered have generally been as a result of an increased number of compliance surveys conducted by a VA staff which has been stretched thin in recent years. To assure that the surveys required by this section will be conducted in a comprehensive and effective manner, the section directs the Administrator to assign at least 1 education compliance specialist to work on compliance surveys for each 40 compliance surveys required to be made under this section in any year. The Committee understands, given current and anticipated workloads, that enactment of section 1793 will require the hiring of an additional 200 educational compliance specialists in fiscal year 1977. In adopting this section the Committee expects that the compliance survey program will meet 5 basic objectives.

First, such program and survey should verify and assure the propriety of payments of VA educational benefits to eligible individuals. Second, such program should provide a reasonable basis for cooperating with State Approving Agencies. Third, the compliance survey program should be directed toward assisting schools, training officials, and eligible individuals in better understanding their responsibilties in regard to the procedures and requirements of the Veterans' Administration. Fourth, the compliance survey should determine, on the basis of facts disclosed from personal visits to schools and establishments, whether there are deviations by eligible individuals, schools or establishments from the requirements of the law. Fifth, the compliance survey program should assure that proper actions for the correction or elimination of existing discrepancies, or the discontinuation of benefits to eligible individuals in the event correction is not accomplished are taken through appropriate channels.

The Committee wishes to emphasize that the compliance survey program offers an opportunity by officials of the Veterans' Administration to explain in detail the provisions and requirements of the law to school or training officials in order to prevent deficiencies or violations which could develop because of misunderstandings or misinterpretations of the law. The Committee believes that fewer problems would have developed in the past few years had there been better explanations of the various requirements to appropriate individuals and schools. The Committee wishes to emphasize, however, that when discrepancies in the operation of institutions are found, prompt and proper action should be taken. The Committee intends that the compliance survey specialists mandated by this section will fully understand their respective responsibilities and will insure that in each case that the survey is conducted in accordance with prescribed policies and procedures.

The Veterans' Administration estimates that the first year additional cost, occasioned by enactment of this section, would be $3.4 million. The Congressional Budget Office in their estimate said that this figure only took into account salary and travel dollars and failed to include additional moneys for operating expenses. Accordingly, the Congressional Budget Office estimates that fiscal year 1977 year cost would be $4.3 million, increasing slightly to $5.6 million at the end of the fifth year. The Committee notes that the additional sums mandated by this provision represent only .008 percent of the $5.7 billion spent in VA educational benefits in the past fiscal year. This minor expenditure which will aid in assuring that VA benefits are expended in accordance with the law is, the Committee believes, both a wise and necessary investment.

Clause 2 repeals section 1795 which currently limits an individual entitled to VA educational assistance under more than one Veterans' Administration program to a combined total of 48 months assistance. By repealing this section, dependents eligible for educational assistance under chapter 35, the Survivors and Dependents Educational Assistance chapter (as redesignated by section 309 of this Act) who subsequently served honorably in the uniformed services would be entitled to full educational benefits under chapter 34 (or chapter 32 where applicable) by virtue of that service. Public Law 90–631 approved on October 22, 1968, modified an original 36-month restriction by providing that the combined assistance provided under chapters 35 and 34 may not exceed 48 months.

The Committee believes that any veteran entitled to training under chapter 35, because of the service-connected death of a parent, should not be discriminated against by a provision nullifying full entitlement for benefits under chapter 34 of the GI bill earned by honorable service in the Armed Forces. The law is clear that a survivor is entitled to certain assistance when the parent died of a service-connected cause. The law is equally explicit that a veteran who served in the Armed Forces during a qualifying period is entitled to training assistance under the GI bill. The exercise of one of these entitlements should not serve to abrogate or reduce the other. Entitlement to benefits under each program is predicated upon entirely different factors and circumstances and are not interdependent.

Accordingly, the Committee concurs with the earlier position of the Veterans' Administration in its 1968 report to H.R. 16025 which, as enacted into law extended benefits to the current 48-month level. At that time, the VA reported that "it would be more advantageous and practical not to limit the veteran to a total of 48 months, but to permit him to use the entire current earned educational entitlement." The VA further testified:

> The numbers who would take advantage of this change in the law would be small and the additional cost would not be susceptible to measurement but for those needing additional training and privileges of pursuing the program of education would be most worthwhile.

A similar measure was unanimously approved by the Senate in 1974, but not accepted by the House. The VA states that it has no data available on which to base a cost estimate on this section of the measure.

Clause 3 amends the table of sections at the beginning of chapter 36 to reflect the repeal of current section 1793 and the addition of the new compliance survey provisions.

Clause 4 further amends that table of sections at the beginning of chapter 36 to reflect the repeal of section 1796.

Section 513

This section amends section 1796, of title 38, United States Code, relating to limitations on certain advertising sales enrollment practices of institutions enrolling veterans by adding a new subsection requiring such institutions to maintain a complete record of all advertising sales enrollment material utilized during the preceding 12 month period. Such materials would be required to be made available for inspection by the State approving agencies or the Veterans' Administration.

Section 1796 was added by section 212 of Public Law 93–508. The Committee report to S. 2784 (S. Rept. 93–907) where this provision originated, noted the Committee's growing concern over certain advertising sales and enrollment practices of various institutions, where courses are approved for the enrollment of veterans and other eligible persons. This concern prompted Congressional enactment of section 1796 which directs the Administrator not to approve the enrollment of an eligible veteran or eligible person in a course offered by any institution which utilizes advertising sales or enrollment practices of any type which are erroneous, deceptive or misleading either by actual statement, omission or intimation.

Despite the clear and unmistaken statutory mandate, little has been done by the Veterans' Administration to effectuate the Congressional intent expressed in considerable detail on pages 84 to 90 of Senate Report 93–907. The agreement which Congress directed the Administrator to enter into with the Federal Trade Commission (§ 1796(c) as redesignated by section 513(1) of this Act), to utilize the Commission's services and facilities and carrying out investigations and making determinations under section 1796 was not even formalized until January 20, 1976, over a year after enactment of Public Law 93–508.

Moreover, the General Accounting Office for the past year pursuant to the Committee's request has been reviewing the implementation of the Commission's services and facilities in carrying out investigaselected provisions of Public Law 93–508 for the past year. The Committee understands that GAO has found that neither the Veterans' Administration nor the State Approving Agencies have systematically reviewed any of the advertising sales or enrollment practices of schools enrolling veterans. Whatever review has occurred has only been in response to specific complaints, and, in those cases, the VA's investigations have been tentative and cautious at best.

The committee believes that active enforcement of the provisions of this section which will apply to all schools is particularly important now that many degree granting institutions have adopted aggresssive recruiting and advertising policies. As Eric Wentworth of the education news staff of the Washington Post noted in an editorial page article on April 3, 1975 entitled "Protecting the Consumer of Education":

> * * * many colleges—large as well as small, familiar—as well as obscure—have begun advertising for students in a manner which befits commercial establishments rather than academic institutions. The trend seems sure to intensify, and it calls for some clear, concise standards of marketplace behavior.
>
> *　　　*　　　*　　　*　　　*
>
> However alien to traditional academia, most of these merchandising techniques are neither illegal nor unethical in themselves. But the more widely they are used, the more op-

> portunities and temptations there are for abuses. And whether abuses result from naivete or deliberate deceit, student consumers stand to be misled.
>
> * * * * *
>
> Whatever the underlying causes, however, the basic fact that colleges are using commercial methods to attract customers argues for making them publicly accountable in the same way that profit-making trade schools and other business enterprises using such methods are accountable.
>
> * * * * *

Accordingly, the Committee intends that a comprehensive review of advertising sales and enrollment practices of all schools be instituted by both the Veterans' Administration and the State approving agencies (SAA's) to assure that the provisions of section 1796 are enforced. The Committee also expects the VA–FTC agreement to be utilized in appropriate instances. The Committee understands that, to date, there has only been one tentative referral by the VA to the FTC. In all of the instances just mentioned, the Committee believes the amendment requiring retention of records and copies of materials utilized by schools will aid in reducing erroneous, deceptive or misleading sales and enrollment practices. First, ready access to the documents by the VA, SAA's or the FTC pursuant to its agreement with the Veterans' Administration will facilitate determinations under section 1796. Second, the recognition by all institutions that their sales and enrollment practices are subject to active review, presumably will result in greater self examination by them of their sales and enrollment practices.

Finally, the Committee wishes to reemphasize its strong conviction—first expressed in the Senate report accompanying the 1974 GI bill amendments—that there be a more adequate and informative reporting system to the VA Central Office. Such reporting to the VA Central Office will permit examination of such practices in an overall perspective so that greater uniformity of interpretation and enforcement may be achieved. As the 1974 Committee report noted:

> Many institutions where courses are approved for payment of VA benefits do business in several States throughout the country. As a consequence, regional office directors in one State faced with certain questionable practices are often unaware of similar problems in other States either by the same or different institutions. Accurate and detailed reporting to the Central Office and dissemination of appropriate information by the Central Office to regional offices should enable these trends and problems to be spotted more readily and dealt with in an evenhanded fashion nationally.

Clause 1 redesignates section 1796 (b) and (c) as 1796 (c) and (d), respectively.

Clause 2 creates a new subsection (b) requiring that any institution offering courses approved for the enrollment of eligible persons or veterans to maintain a complete record of all advertising sales or enrollment materials (and copies thereof) utilized by or on its behalf during a preceding 12-month period. In this connection, the Committee expressly intends this provision to cover those situations where schools contract with individuals or organizations who undertake to advertise or recruit students for the institution. The materials required to be retained include, but are not limited to, any direct mail pieces, brochures, printed literature used by sales persons or recruiters, films, video tapes and audio tapes disseminated through broadcast media and material disseminated through print media, tear sheets, leaflets, handbills, flyers, together with any sales or recruitment manuals for instruction to salesmen, agents, or representatives of such institutions.

The Veterans' Administration, in its written report to section 513, states that it believes "it would have a salutary effect of having such material available for inspection review".

Section 514

This section makes a number of technical amendments to chapter 36, including providing for the continuation of VA advance and prepayment of educational assistance allowances as required by section 1780 in title 38. The amendment adopted in this section will have the affect of nullifying action taken by the Appropriation Committees earlier this year in H.R. 10612 (without formal consultation with the authorizing committees) and subsequently enacted as Public Law 93–378. Provisions in that fiscal year 1977 HUD, Independent Agencies appropriation measure purport to abrogate prepayment authority and advance payment authority, in part, for the last 4 months of fiscal year 1977. The Committee believes this unusual initiative by the Appropriations Committee was not only inappropriate, but ill-advised. A temporary 4-month suspension of the title 38 provisions requiring advance and prepay will produce administrative chaos within the Veterans' Administration.

Moreover, it is a blunt device which does as much harm as good in its attempt to reduce improper payments. The Committee concurs with the Administrator of Veterans' Affairs who in testimony before the House Appropriations Committee earlier this year said "the good that accrues from advanced payment far out-reaches the bad". This testimony was reinforced by the testimony of the Chief Benefits Director who subsequently appeared before the House Committee on Veterans' Affairs to testify that "Advance pay and prepay have had a good effect on a vast number of students. They have been able to go to school where perhaps they would not have been able to go." Rather than termination of such authority he urged that various new regulations adopted by the Veterans' Administration should be allowed to take effect and have "time to work their will." The Committee believes the numerous amendments adopted in S. 969, as amended, are a more effective and logical way of dealing with the problems of improper payments than temporary abrogation of the payment authority contained in section 1780.

Amendments in this section would also remove unwarranted or unnecessary gender references. The following sections are affected: 1771, 1775, 1777, 1779, 1780, 1781, 1783, 1784, 1786, 1790, 1791, 1794, 1796, and 1798.

TITLE VI—VETERANS' EMPLOYMENT ASSISTANCE PROVISIONS

Section 601

Section 601 amends title 38 to create a new section 2002A in chapter 41. This section would create within the Department of Labor a separate agency known as the Veterans' Employment Service (VES) headed by an Assistant Secretary of Labor for Veterans' Employment. The Assistant Secretary would be responsible, subject to the supervision and control of the Secretary, for carrying out the policies and purposes of chapters 41, 42, and 43 and for policy formulation and administrative implementation for all Department of Labor employment, unemployment and manpower programs to the extent they affect veterans.

A Veterans Employment Service (VES) currently exists within the Department of Labor. Previous legislation directed that policies in regard to veteran employment be promulgated and administered by VES in accordance with the stated statutory mandate that eligible veterans receive maximum employment and training opportunities through existing programs, coordination and merger of programs, and implementation of new programs. The Vietnam Era Veterans' Readjustment Assistance Act of 1972 (Public Law 92-540) further clarified and made specific the congressional intent that veterans receive effective assistance from the United States Employment Service (USES). The Committee report accompanying the 1972 GI bill in regard to veterans unemployment and the efforts of the Department of Labor stated that "far more needs to be done."

As intolerably high rates of veteran unemployment continued in 1974 and services to unemployed veterans revealed little improvement, the Congress once again enacted legislation aimed at improving the situation. Public Law 93-508, the Vietnam Era Veterans' Readjustment Assistance Act of 1974, further delineated and extended the responsibilities of VES. Currently, the VES is primarily responsible for implementation of the provisions of chapters 41 and 42 of title 38. In addition, VES is required to coordinate within the Comprehensive Employment and Training Act (CETA) framework, public information pertaining to veterans programs.

In view of the importance of the responsibilities of the Director of the VES and in light of the continuing high rates of veteran unemployment, the Committee has concluded that, once again, "more needs to be done." The Committee believes that the Director of the VES is located at too low a level within the Department of Labor to carry out the congressional mandates in an effective and expeditious fashion. Statutory mandates have been ignored, gone unheeded, or have been implemented in a tardy and half-hearted manner by the Department of Labor. The State Employment Service agencies throughout the country have too often responded sluggishly and ineptly to the task of serving unemployed veterans. The Committee believes that all of these problems were exacerbated, if not caused, by the low priority assigned to veterans as evidenced by the relatively insignificant status accorded to the official responsible for directing the operation of the Veterans' Employment Service. And, the "proof of the pudding," can be found in the continued problems faced by veterans.

In 1972, this Committee, in its report to legislation subsequently enacted as Public Law 92-540, recognized that a "significant factor in the readjustment problem faced by the returning veteran is the continuing high unemployment rate * * * statistics for the second quarter of 1972 for veterans age 20-24 indicate an unemployment rate of 10.9 percent or over 11 percent higher than the nonveteran rate of 9.5 percent * * *."

In 1974, in the Senate report accompanying the 1974 Special Employment Assistance Act of 1974, the Labor and Public Welfare Committee expressed grave concern with the employment rates for veterans. That Committee predicted that "the burden of continued increases in unemployment will fall heavily on three groups of veterans who already have high unemployment rates: Young veterans in the 20-24 age bracket; minority group veterans; and disabled veterans * * * these three groups * * * are very likely going to face even more severe unemployment in the months ahead."

Indeed, as predicted, the bleak unemployment picture has continued. At the end of June, younger Vietnam era veterans aged 20–24 had an unemployment rate of almost 20 percent, approximately twice as high as similarly aged non-veterans. Unemployment amongst all Vietnam era veterans was 13 percent higher than for similarly aged nonveterans. At the end of the 1st quarter of 1976, younger minority vets had an unemployment rate of over 30 percent and estimates of unemployment among disabled veterans exceed 50 percent.

During the past 2 years, veteran unemployment, particularly among younger, minority, and disabled veterans, has continued to rise. Unfortunately, efforts by State Employment Services on behalf of veterans—efforts which are supposed to be monitored and guided by the VES—has not been been sufficient to offset increasing unemployment. For example, during the first 9 months of fiscal year 1976, close to one-third of all Vietnam vets who applied for assistance at the federally funded State employment offices had their files inactivated with no reportable service at all. In the first 9 months of fiscal year 1976, only 5.4 percent of the 1,846,171 Vietnam era veterans who applied to the employment service were counseled. This low rate is particularly tragic because a Vietnam era veteran who has received counseling has close to twice the chance of being placed in a job than a non-counseled veteran. Further, the percentage of Vietnam era veterans counseled in the first 9 months of fiscal year 1976 was 15 percent fewer than the percentage of Vietnam era veterans counseled at the end of the first 9 months in fiscal year 1975.

Almost 171,000 disabled veterans applied to the Public Employment Service for assistance in the first 9 months of fiscal year 1976. Only 14.7 percent of these disabled veterans were counseled. The placement rate for those disabled veterans who were fortunate enough to receive employment counseling was 150 percent greater than the placement rate for those disabled veterans who received no employment counseling whatsoever. The tragedy of large numbers of disabled and Vietnam era veterans failing to receive counseling is underscored by the initial draft of the Department of Labor's study on the Veteran's Employment Service (known as the Kruptzin study) wherein it is revealed that "almost 90 percent of LVERs (Local Veterans' Employment Representatives) felt employment counseling helped in providing priority services to veterans * * *."

In 1974, the Committee observed that "* * * only 16 percent of the available Vietnam era veteran applicants were placed in a job in excess of 3 days and less than 2 percent was enrolled in Federal training programs.

Services to veterans in State Public Employment Offices have not improved since 1974. Employment Security Automated Reporting System (ESARS) data for the first 9 months of fiscal year 1976 reveals that only 12.7 percent of the Vietnam era veterans who applied to the Employment Service were placed in a nonagricultural job of more than 3 days duration, and only 0.6 percent were enrolled in training. As is readily observable, these totals are even below the levels reported in the 1974 report. Despite concern and legislation by Congress, services to veterans have often deteriorated rather than improved.

Continuing oversight by the Committee of the problems of veteran unemployment and of the programs designed to facilitate resolution of such problems has not been accorded the degree of responsiveness by the Department of Labor that the Committee believes is warranted Committee oversight letters sent in the past year frequently have gone unanswered for up to 3½ months as they were bounced around from one official to the next. Thus, centralization of the responsibilities mandated under title 38 within the office of Assistant Secretary should both enhance accountability for veterans programs and assure more responsive implementation of chapters 41, 42, and 43. An Assistant Secretary would also be in position to assure policy formulation and administrative implementation of all Department of Labor employment, unemployment and manpower programs to the extent veterans are affected.

The Committee acknowledges that within the Department of Labor confusion apparently exists as to the goals of the Employment Service concerning service to veterans. For example, a recent Wall Street Journal article in regard to the Employment Service quotes a "disgruntled" Florida State Public Employment Service Agency official as stating, "I'm supposed to give preference to everyone except the young, white male—unless he happens to be a migrant worker". The Assistant Secretary of Labor for Employment and Training Administration is quoted in the same article as noting that the USES operates "not only under the authorizing Wagner-Peyser Act of 1933, but also under mandates stemming from 21 other pieces of Federal legislation and executive orders, 19 arrangements with other Federal and State agencies and two court orders." The Committee notes, however, that the Department of Labor recently prepared testimony providing background information on the Public Employment Service in preparation for oversight hearings. Therein, the Department of Labor stated: "* * * the only true priorities are binding legal requirements: The law requires the ES to provide priority services to veterans, and a court order (*NAACP vs. Brennan*, Civil Action No. 2010-72) requires the ES to assure equity in access to available job opportunities for migrants and seasonal farmworkers. Other so-called priorities stem from a combination of related statutes, executive orders, and public policy determinations."

The Committee is aware of the difficulties facing the Public Employment Services in regard to the needs of various applicant groups.

Such difficulty and confusion surrounding priority services to various applicant groups supports an upgrading the VES director to the level of Assistant Secretary in order to assure that veterans receive the services directed by statute and intended by Congress.

Centralization of responsibility for veterans employment, within the Department of Labor, at the administrative level of Assistant Secretary was strongly supported in testimony before the Committee. Representatives of the Veterans of Foreign Wars testified last October that centralization at the administrative level of Assistant Secretary is the only way that the Veterans' Employment Service "will have authority commensurate with the responsibility". Representatives of The American Legion testified that a resolution favoring the Assistant Secretary for Veteran Affairs was approved at the 1975 American Legion National Convention. That resolution stated that as an Assistant Secretary, "the head of Veterans' Employment * * * would have the necessary direct access to the Secretary of Labor * * * The American Legion believes this is the only answer to the dilemma of unemployment facing over half a million veterans."

The Paralyzed Veterans of America, in written testimony submitted to the Committee in regard to Amendment No. 2005 to S. 969, testified that "creating the position of an Assistant Secretary of Labor for Veterans' Employment is desirable and necessary". And the American Veterans of World War II, Korea and Vietnam (AMVETS), in testimony before the Committee, recommended that "the position of Director of Veterans' Employment Service be elevated to the position of Assistant Secretary of Labor for Veterans' Affairs * * * [such elevation] has the full and unqualified support of our organization".

Thus, the Committee hopes that elevation of the Director of Veterans' Employment Service to the position of Assistant Secretary will produce the responsiveness to veteran problems within the Department of Labor which has been lacking to date.

Section 602

This section amends section 2003 of title 38 to clarify and make specific the responsibility of the State Veterans' Employment Representatives (SVERs) and the Assistant Veterans' Employment Representatives (AVERs) for the promotion and monitoring of veteran participation in programs operating pursuant to the Comprehensive Employment and Training Act (CETA). Currently, SVERs and AVERs (who are Federal employees) are responsible to the Secretary of Labor. They administer and monitor the counseling and placement policies afforded to veterans by the public employment services. Further, they are administratively responsible for overseeing veteran participation in manpower and training programs administered by the Secretary.

The Comprehensive Employment and Training Act established a decentralized manpower program wherein the prime sponsor is responsible for program design with Federal influence being exerted through Department of Labor's technical assistance, plan approval process, and monitoring of prime sponsor's activity. Thus, extension of the administrative responsibilities of SVERs and AVERs to include those programs administered by prime sponsors is intended to assure continuing oversight on the part of the Department of Labor concerning participation of veterans in those programs.

Regulations promulgated by the Department of Labor on April 9, 1976, would require prime sponsors in their title I grant narrative to include assurances that "special consideration (will be) given to needs of unemployed disabled veterans, special veterans and veterans discharged within 4 years of the date of application and special outreach and coordination efforts to serve such veterans (will be undertaken)." Title I of CETA establishes a program to provide comprehensive manpower services throughout the Nation, including the development and creation of job opportunities and the training, education and other services needed to enable individuals to secure and retain employment at their maximum capacity.

Titles II and VI of the Act, as implemented, contain similar veteran "special consideration" requirements. Those titles authorize public service employment and manpower training programs in areas of substantial unemployment.

The Committee takes cognizance of the recent action by the Senate with respect to H.R. 12987, the Emergency Jobs Programs Extension Act of 1976. The accompanying report (S. Rept. 94-503) noted that the enrollment figures for veterans in the CETA program "compare most unfavorably with those of veterans under the Emergency Employment Act of 1971 (EEA), where specific hiring goals were established by EEA regulations, requiring generally that 30 percent of 'new hire' positions be filled with Vietnam era veterans." For example, only 5.2 percent of all new participants in CETA title I programs were "Special Vietnam" veterans, despite the continued high unemployment among veterans, particularly younger, minority, and disabled veterans.

The Committee believes that if SVERs actively monitor the implementation and operation of CETA programs, it is likely that veteran participation will increase. The Committee expects SVERs to examine the grant narratives submitted by prime sponsors within their jurisdiction with sufficient thoroughness to assure that "special consideration" is accorded to eligible veterans whenever required or appropriate. Further, the Committee expects SVERs to devote sufficient time monitoring prime sponsor's programs to ascertain that the assurances concerning veterans, as certified by the prime sponsor in the grant narrative are, in fact, complied with.

Clause 1 amends section 2003 to extend the duties of SVERs and AVERs to include administrative responsibility for manpower and training programs administered by prime sponsors under the Comprehensive and Employment Training Act as such programs relate to veterans.

Clauses 2, 3, and 4 add a new provision to section 2003 which extends the duties of SVERs to include the promotion of participation of veterans in CETA and the monitoring of the implementation and operation of CETA programs to assure that eligible veterans receive special consideration when required. SVERs are directed to cooperate with the public employment staffs and the staffs of CETA prime sponsors in order to achieve greater veteran participation in CETA.

Section 603

Amendments made by this section clarify the provisions of section 2006(a) of title 38 concerning estimates of funds necessary for the proper and efficient administration of chapter 41 by the Veterans'

Employment Service. The Secretary of Labor is directed by 2006(a) to estimate the funds necessary for job counseling, training, and placement services for veterans and eligible persons. Such estimated funds must be included each year as a special item in the Department of Labor's annual budget. This section also requires each State Public Employment Service Agency (federally funded pursuant to the Wagner-Peyser Act) to identify separately in their budget, the funds necessary for job counseling, placement, and training services to eligible veterans and eligible survivors and dependents. Committee oversight has disclosed that these provisions have frequently been ignored. Earlier this year, for example, the Department of Labor, in response to Committee inquiries, admitted that "funds allocated to the States are not separately identified in their budgets by special applicant groups". However, the Committee has since been assured by the Secretary that procedures have been established to bring them into compliance with the requirements of the law whereby the State agencies will "separately identify estimated amounts of funds required to serve veterans and other eligibles * * * including funds for counseling, placement, activities and enrollment in training".

This amendment further clarifies and codifies the Committee's understanding and intention that the identified funds for counseling, placement, and training services for veterans will each be listed separately by the reporting State rather than in the aggregate.

Section 604

This section amends section 2007(c). Currently section 2007(c) requires the submission to Congress of an annual report by the Secretary of Labor on the success of the Department of Labor and its affiliated State employment service agencies in carrying out the provisions of chapter 41.

Clause 1 makes technical amendments to section 2007(a) to remove unnecessary and unwarranted gender references.

Clause 2 amends section 2007(c) to require the Secretary to include in his report the extent to which veterans were employed and enrolled in public service employment positions.

At the present time, the Secretary is required to make separate reference to occupational training under appropriate Federal law. The Committee is aware that a narrow interpretation of such requirement could result in the Secretary's report covering only those veterans hired and trained under title I of the Comprehensive Employment and Training Act. Title I principally establishes a program of comprehensive manpower services for training, education and other occupational training services. However, titles II and VI of CETA are principally involved with public service employment and possibly could be regarded as not covered under current reporting requirements.

This amendment clarifies and makes specific the obligation of the Secretary of Labor to report and discuss in detail the entire CETA program as it relates to veterans. The Committee notes that the annual report submitted by the Secretary earlier this year did contain some reference to titles II and VI of CETA. However, the Committee expects that there will be more detailed information concerning participation in CETA programs by recently discharged eligible veterans, veterans with service-connected disabilities, other eligible veterans and eligible persons in future reports. The Committee further expects that wide distribution of the recently completed technical assistance guide (TAG) entitled "Veterans and CETA" (with an appropriate emphasis thereof) coupled with the increased monitoring of the implementation and operation of prime sponsor programs (as contemplated by section 602 of this Act) will enable the Secretary to report next year that an increased percentage of "special veterans" and eligible persons have participated in CETA.

Clause 3 further amends section 2007(c) to require the Secretary to include in his annual report any and all determinations made under section 2007(a). Currently, under that subsection, the Secretary of Labor is empowered to determine whether a State employment service agency has committed sufficient staff to ensure that veterans are receiving the employment services mandated by law. Further, the Secretary is directed to arrange for necessary corrective action in those instances where he finds that the State's staff resources are inadequate. The Committee expects that the 1977 report by the Secretary will contain a separate section listing each determination made by the Secretary pursuant to section 2007(a) in addition to a listing of those determinations made pursuant to section 2004 and section 2006 as presently required by law. Finally, the Committee intends that such report include a statement of reasons for any such determination. (See also section 605 of this Act which adds additional reporting requirements.)

Section 605

This section amends section 2012 concerning veterans' employment emphasis under Federal contracts to require the Secretary to include in the annual report (required by section 2007) detailed information as to complaints filed pursuant to section 2012(b). Under 2012(a) each party contracting with the United States in the amount of $10,000 or more for the procurement of personal property and nonpersonal services (including construction) is required "to take affirmative action to employ and advance in employment qualified disabled veterans and veterans of the Vietnam era." Although this unneeded provision was included as section 402 of the Vietnam Era Veterans' Readjustment Assistance Act of 1974, regulations implementing the section only became effective on July 28, 1976.

The Committee intends that the complaint procedures outlined in section 2012(b) to afford remedies to those disabled and Vietnam era veterans who believe that a contractor has failed to comply with the affirmative action provisions be actively implemented and enforced by the Department of Labor. In this connection the Committee is deeply distressed over the failure of the United States Employment Service to seek greater compliance with the mandatory listing requirements codified at section 2007. The Committee believes that inclusion in the annual report of the number of complaints filed pursuant to section 2012(b), the actions taken thereof, and the resolution thereof will provide additional information to enable the Committee to gage the effectiveness and efficiency of the affirmative action program.

Section 605 also requires the Secretary to include in his annual report the number of contractors listing suitable employment openings, the nature, types and number of such positions, and the number of veterans who receive priority in regard to the listed openings. At the present time, sections 2012(a) (1) and (2) require each contractor with a contract with the Federal Government of greater than $10,000 to list suitable job openings with the appropriate local employment office. Veterans then receive priority in regard to such employment openings.

The Committee is disturbed by the recent, undisputed, published report in the Wall Street Journal which noted that "most (covered) companies are busy dodging a slacky enforced" mandatory listing requirement. In its report accompanying the Vietnam Era Veterans' Readjustment Assistance Act of 1974, this Committee stated "[A]t a minimum, the Committee believes that there must be a good faith listing of job openings and a good faith consideration by Federal contractors and subcontractors of qualifying veterans seeking prospective employment."

Based on the undisputed article and other information presented to it, the Committee has concluded that the Department of Labor has failed to require compliance with the vigor necessary to assure the success of the program. The Committee believes that the mandatory listing requirement, if implemented properly, would result in more and higher quality jobs being listed with the Employment Service and in turn, increase the employment opportunities for the Vietnam veterans and disabled veterans seeking assistance from USES.

The Committee is also concerned by published reports that four out of five jobs listed with the Employment Service call for low skilled workers and that over 75 percent of covered employers have never filled a single professional position through USES. In this regard, the Committee believes that the inclusion in the annual report of the nature (that is, duration, blue-collar—white-collar, wage, and benefits) and type (that is, job classification, position) of jobs listed will enable the Committee to determine whether, and to what extent, the mandatory listing program is in compliance with the law. The Committee expects that the Department of Labor will aggressively seek to secure compliance with the mandatory listing provisions.

Section 606

This section makes technical amendments to chapter 41 including the removal of unwarranted and unnecessary gender references. Those sections affected are: 2003, 2004, 2005, and 2008.

This section also amends section 2004 to include chapter 35 eligible persons among those preferred for Local Veterans' Employment Representative (LVER) positions. Most local Employment Service offices are required to assign one or more employees whose time shall be fully devoted to veterans' employment. Section 2004 currently directs that the person appointed should "preferably be an eligible veteran". This amendment adds chapter 35 eligible persons to eligible veterans as people also to be preferred in the LVER slots.

Provisions contained in the Vietnam Era Veterans' Readjustment Assistance Act of 1974 (section 401 of Public Law 93–508) amended chapter 41 to extend employment assistance benefits to the spouse of: (1) Any veteran who died of a service-connected disability; (2) any member of the armed services on active duty who, at the time of application for benefits under chapter 41, has been listed for more than 90 days as missing in action, captured in the line of duty by hostile forces, or forcibly detained or interned in the line of duty by a foreign government or power; and (3) any veteran with a service-connected disability rated total and permanent in nature.

Because LVERs now render employment assistance services to chapter 35 eligible wives and widows, in addition to veterans, the Committee believes it consistent to extend preference in filling those positions to them as well.

Section 607

This section makes technical amendments to chapter 42 to remove unwarranted and unnecessary gender references. Those sections affected are: 2011 and 2012.

Section 608

This section makes technical amendments to chapter 43 to remove unwarranted and unnecessary gender references. Those sections affected are: 2021 and 2024.

TITLE VII—MISCELLANEOUS AND EFFECTIVE DATE

Section 701

This section amends section 3101 of title 38 relating to the nonassignability and exempt status of VA benefits by providing that when the payee of an educational benefit check has designated the address of an attorney-in-fact as the address for check receipt purposes and has also executed a power of attorney giving such attorney-in-fact the authority to negotiate the benefit check, such agreement will be held to be an assignment of the benefit and, as such, would be prohibited.

Section 3101(a) in pertinent part provides that:

> (a) Payments of benefits due or to become due under any law administered by the Veterans' Administration shall not be assignable except to the extent specifically authorized by law, and such payments made to, or on account of, a beneficiary shall be exempt from taxation, shall be exempt from the claim of creditors, and shall not be liable to attachment, levy, or seizure by or under any legal or equitable process whatever, either before or after the receipt by the beneficiary. * * *

This section has its roots in section 4745 of title 57 of the Revised Statutes of the United States, approved February 28, 1883. It was continued in section 28 of the War Risk Insurance Act of 1917 which provided that certain benefits under that act "shall not be assignable" and not subject to taxation or claims of creditors. While not identical, the same general language and substance were carried forward in section 22 of the World War Veterans Act of 1924. Thereafter, on August 12, 1935, section 3, Public Law 262, 74th Congress, enacted language substantially similar to that of the present statute. An amendment was enacted in 1940 which did not affect the substance of the law concerning assignability, and this provision was later superseded by section 1001, Public Law 85-56 (38 U.S.C.A. 3001, 1954 ed.), and then codified as section 3101(a) (Public Law 85-857) on September 2, 1958.

The opinions of the Office of General Counsel and judicial precedents indicate that, throughout its history, section 3101 has been recognized as having a twofold purpose avoid the possibility of the

Veterans' Administration (or its predecessor agency) from being placed in the position of a collection agency and prevent the deprivation and depletion of the means of subsistence of veterans dependent upon these benefits as the main source of their income.

Until 1972, whenever a question arose concerning written authorization by a veteran to pay a private debt from that veteran's benefits, it was uniformly interpreted as prohibited by statute.

In 1923, for example, the General Counsel of the Veterans' Administration stated in part (23 Op. G. C. 251) with respect to a voluntary assignment or set-off in favor of private creditors that:

> It is not the policy of the Bureau that the district office should act as collection agents in matters relating to the private debts of its trainees. This same instruction rejecting the policy in case the trainees would also govern in case of employees or others who are receiving compensation from the Bureau.

This was reaffirmed in 1958 when the General Counsel again held (Op. G. C. 3–58) that:

> A written authorization given by a veteran to pay for benefits payable to him a private debt would, if given effect, virtually make of the VA a collection agency and would partake of the nature of an assignment prohibited by section 3, Public Law 262, 74th Congress, 38 U.S.C., § 454(a). Such a written authorization would not be honored.

The following year the Comptroller General of the United States in a letter to the Administrator of Veterans' Affairs, dated May 29, 1959 (opinion B–105303) stated in part that:

> Based on the information furnished and informal discussions between our respective representatives we feel that the adoption of a procedure for payment of education and training allowances "to an agent or attorney-in-fact," as proposed by the suggested change in the regulations, which it is understood implements the particular correspondence school plan presently under consideration, would be in contravention of the purpose and intent of the provisions of chapter 33, 38 U.S.C. 1631, which provide for payment of such allowances direct "to each eligible veteran" upon receipt of the certifications required. It might also be in violation of Treasury Department Regulations, section 5, Department Circular No. 21, as revised March 13, 1957, and the provisions of 38 U.S.C. 3101 prohibiting the assignment of benefit payments. It appears that the plan proposed by the school would be available to veterans only and, therefore, it may also contravene the provisions of 38 U.S.C. 1632(e) providing that the allowance "shall be computed on the basis of the established charge which the institution requires nonveterans to pay for the course or courses pursued by the eligible veteran." The plan obviously is designed for the primary benefit and convenience of the school and might prove detrimental to the interest of the veterans. Furthermore, it is our view that the adoption of the plan as proposed by this institution, if approved,

> might lead to widespread use of similar plans by many other institutions including those offering residence courses, and would, therefore, greatly add to the administrative problems incident to the administration of the program.

In 1969, the General Counsel was once again presented with a question on assignability; in this instance a power of attorney to flight schools to cash Government checks for education assistance allowances coupled generally with the change of address request by the veteran that the check be mailed to the institution was involved. There the General Counsel noted that:

> It is apparent from the aforecited opinions that any attempt to assign veterans benefits in a manner which would require the Veterans' Administration or the Treasury Department to make payment directly to the assignee is clearly barred by section 3101 of title 38. Moreover, powers of attorney in the form involved in the instant cases do not meet the requirements set out by the Comptroller General and now contained in VA Manual MP-4, part IV and Treasury Department Circular 21.
>
> The matter now before us, however, differs in that in neither case is any document presented to the Veterans' Administration in an attempt to secure payment directly to the attorney-in-fact or the assignee. There is, instead, an attempt to accomplish the same result by two steps, i.e., (1) the veteran has submitted to the Veterans' Administration a request that his educational assistance allowance be mailed to him in care of the flying school and (2) has authorized the flying school to negotiate his check by a "special power of attorney" in one case and an "assignment and power of attorney" in the other case. Insofar as the change of address filed by the veteran is concerned, since section 3020 of title 38 provides for the payment of monetary benefits under laws administered by the Veterans' Administration, by check, and that such check shall be transmitted by mail to the payee thereof, at his last known address, we see no choice but to transmit the veteran's check by mail to the address that the veteran has provided.

After reviewing precedent the General Counsel (Op. G. C. 3-69) held that:

> The combination of circumstances existing in the present cases, i.e., the direction by the veteran to mail his check in care of the flying school and his execution of "a special power of attorney" or an "assignment and power of attorney" authorizing the flying school to negotiate such check, results in what is tantamount to an assignment of veterans educational assistance allowance to the flying school in contravention of section 3101 of title 38, United States Code.

Despite the longstanding statutory prohibition against assignment of benefits and the well established precedent prohibiting use of powers of attorney, 3 years later on December 6, 1972, the Administrator of Veterans' Affairs abruptly and inexplicably reversed the prior opinions of the General Counsel and held "in light of prior opinions, the history of the law and the impact of today's economic and credit factors" that:

> The Veterans' Administration is without authority to withhold benefit payment checks drawn in favor of its beneficiaries merely on the basis that the beneficiary has attempted to sign such benefits and is required to mail such checks to the payees last known address or record with the VA, without regard to whatever disposition the beneficiary may make, or may have arranged for with reference to such payment. (Administrator's Decision VA No. 993.)

Whatever judgment might be rendered as to the quality of legal scholarship embodied in that opinion, it soon became obvious that it permitted the effective assignment of benefits in contravention of Congressional intent, not only with respect to section 3101, but also with respect to basic intent of GI bill legislation since World War II. GI bill legislation has consistently provided that payment of educational benefits should go directly to the veteran rather than to the school.

Unfortunately, the concern, expressed in 1959, that permitting such power of attorney arrangements "might prove detrimental to the interest of veterans" and "greatly add to the administrative problems incident to the administration of the program" has become a self-fulfilled prophecy. The Veterans' Administration, in fully supporting the provisions of section 701, reported to the Committee that:

> In the administration of our educational programs, we have found many instances of abuse where school officials, their banks or agents have authority to receive and cash a beneficiary's benefit check. These abuses have been especially prevalent in the PREP, correspondence, and flight training programs. Certifications showing the number of correspondence lessons taken by the individual and service by the school as well as the number of flight hours logged by the veteran have been signed by the veteran in blank in advance and have been completed by the school certifying, in some cases, lessons never taken or hours never flown. The Veterans' Administration then pays for this training, the veteran or dependent never sees the check, and is unaware of its issuance or amount.
>
> We believe that to continue to permit such situations to occur would be to encourage more fraud and open the door to even more potential abuse of the programs. We, therefore, fully support this provision of the substitute proposal.

Although it is reasonable to anticipate that improper payments will be curtailed and that outlays will thus be reduced by enactment of this section, the Veterans' Administration is without sufficient data upon which to base an estimate.

Section 702

This section provides that, unless otherwise provided, the amendments made by this Act are to become effective on October 1, 1976, the start of new fiscal year as contemplated by the new congressional budget process. The primary exception is title IV, the Post-Vietnam Era Veterans' Readjustment Assistance Act of 1977, which will become effective on January 1, 1977, replacing the current chapter 34 benefit program for those entering the services on or after that date.

* * * * * * *

Changes in Existing Law Made by S. 969, as Amended

In accordance with subsection 4 of Rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

TITLE 5—UNITED STATES CODE

* * * * * * *

PART III—EMPLOYEES

* * * * * * *

Subpart D—Pay and Allowances

* * * * * * *

CHAPTER 53—PAY RATES AND SYSTEMS

* * * * * * *

Subchapter II—Executive Schedule Pay Rates

* * * * * * *

§ 5315. Positions at level IV

Level IV of the Executive Schedule applies to the following positions, for which the annual rate of basic pay shall be the rate determined with respect to such level under chapter 11 of title 2, as adjusted by section 5318 of this title:

(1) * * *

* * * * * * *

(20) Assistant Secretaries of Labor [(5)] *(6)*.

* * * * * * *

TITLE 29—LABOR

* * * * * * *

CHAPTER 12—DEPARTMENT OF LABOR

* * * * * * *

§ 553. Assistant Secretaries; appointment; duties

There are established in the Department of Labor [five] *six* offices of Assistant Secretary of Labor, which shall be filled by appointment by the President, by and with the advice and consent of the Senate. Each of the Assistant Secretaries of Labor shall perform such duties as may be prescribed by the Secretary of Labor or required by law.

One of such Assistant Secretaries shall be an Assistant Secretary of Labor for Occupational Safety and Health. *One of such Assistant Secretaries of Labor shall be an Assistant Secretary of Labor for Veterans' Employment.*

* * * * * * *

TITLE 38—UNITED STATES CODE

* * * * * * *

PART III—READJUSTMENT AND RELATED BENEFITS

CHAPTER Sec.
31. Vocational Rehabilitation 1501
32. Post-Vietnam Era Veterans' Readjustment Assistance 1601
34. Veterans' Educational Assistance 1650
35. [War Orphans' and Widows'] *Survivors' and Dependents'* Educational Assistance 1700
36. Administration of Educational Benefits 1770
37. Home, Condominium, and Mobile Home Loans 1801
39. Automobiles and Adaptive Equipment for Certain Disabled Veterans and Members of the Armed Forces 1901
41. Job Counseling, Training, and Placement Service for Veterans 2001
42. Employment and Training of Disabled and Vietnam Era Veterans 2011
43. Veterans' Reemployment Rights 2021

CHAPTER 31—VOCATIONAL REHABILITATION

* * * * * * *

§ 1502. Basic entitlement

(a) Every veteran who is in need of vocational rehabilitation on account of a service-connected disability which is, or but for the receipt of retirement pay would be, compensable under chapter 11 of this title shall be furnished such vocational rehabilitation as may be prescribed by the Administrator, if such disability arose out of service during World War II or thereafter.

(b) Unless a longer period is prescribed by the Administrator, no course of vocational rehabilitation may exceed four years. If the veteran has pursued an educational or training program under chapters 33 (prior to its repeal), 34, 35, or 36 of this title, such program shall be utilized to the fullest extent practical in determining the character and duration of the vocational rehabilitation to be furnished [him] *the veteran* under this chapter.

(c) Vocational rehabilitation may not be afforded outside of a State to a veteran on account of post-World War II service if the veteran, at the time of such service, was not a citizen of the United States.

(d) Veterans pursuing a program of vocational rehabilitation training under the provisions of this chapter shall also be eligible, where feasible, to perform veteran-student services pursuant to section 1685 of this title and for advance subsistence allowance payments as provided by section 1780 of this title.

§ 1503. Periods of eligibility

(a) Unless a longer period of eligibility is authorized pursuant to subsection (b) or (c) of this section, vocational rehabilitation may not be afforded to a veteran after nine years following [his] *the veteran's* discharge or release; except vocational rehabilitation may be afforded to any person until October 15, 1971, if such person is eligible for vocational rehabilitation by reason of a disability arising from service before October 15, 1962, but either after World War II, and before the Korean conflict, or after the Korean conflict.

(b) Where a veteran is prevented from entering, or having entered, from completing vocational rehabilitation training within the period of eligibility described in subsection (a) of this section because—

(1) [he] *the veteran* had not timely attained, retained, or regained medical feasibility for training because of disability;

(2) [he] *the veteran* had not timely met the requirement of a discharge or release under conditions other than dishonorable, but the nature of such discharge or release was later changed by appropriate authority; or

(3) [he] *the veteran* had not timely established the existence of compensable service-connected disability,

such training may be afforded [him] *the veteran* during a period not to exceed four years beyond the period of eligibility otherwise applicable to [him] *the veteran.*

(c) A veteran who is found to be in need of vocational rehabilitation to overcome the handicap of blindness, or other serious disability, resulting from a service-connected disability which affords basic eligibility for vocational rehabilitation under section 1502 of this title may be afforded such vocational rehabilitation after the termination date otherwise applicable to [him] *the veteran*[, but not beyond ten years after such termination date, or June 30, 1975, whichever date is the later.] *when such action is determined by the Administrator to be necessary for such veteran based upon such veteran's disability and need for vocational rehabilitation*, if—

(1) [he] *the veteran* had not previously been rehabilitated (that is, rendered employable) as the result of training furnished under this chapter, or

(2) such serious disability (whether blindness or otherwise) has developed from, or as a result of, the worsening of [his] *the veteran's* service-connected disability since [he] *the veteran* was declared rehabilitated to the extent that it precludes [his] *the veteran* performing the duties of the occupation for which [he] *the veteran* was previously trained under this chapter.

§ 1504. Subsistence allowances

(a) While pursuing a course of vocational rehabilitation training and for two months after [his] *the veteran's* employability is determined, each veteran shall be paid a subsistence allowance as prescribed in this section.

(b) The subsistence allowance of a veteran-trainee is to be determined in accordance with the following table, and shall be the monthly amount shown in column II, III, IV, or V (whichever is applicable as determined by the veteran's dependency status) opposite the appropriate type of training as specified in column I:

Col. I	Col. II	Col. III	Col. IV	Col. V
Type of training	No dependents	One dependent	Two dependents	More than two dependents
				The amount in col. IV, plus the following for each dependent in excess of two:
Institutional:				
Full-time	$209	$259	$304	$22
Three-quarter-time	157	194	229	17
Half-time	105	130	152	11
Farm cooperative, apprentice, or other on-job training:				
Full-time	182	220	254	17

Column I	*Column II*	*Column III*	*Column IV*	*Column V*
Type of training	*No dependents*	*One dependent*	*Two dependents*	*More than two dependents*
				The amount in column IV, plus the following for each dependent in excess of two:
Institutional:				
Full-time	*$226*	*$280*	*$329*	*$24*
Three-quarter-time	*170*	*210*	*247*	*18*
Half-time	*113*	*140*	*165*	*12*
Farm cooperative, apprentice, or other on-job training:				
Full-time	*197*	*238*	*275*	*18*

(c) Where the course of vocational rehabilitation training consists of training on the job by an employer, such employer shall be required to submit monthly to the Administrator a statement in writing showing any wage, compensation, or other income paid by [him] *the employer* to the veteran during the month, directly or indirectly. Based upon such written statements, the Administrator is authorized to reduce the subsistence allowance of such veteran to an amount considered equitable and just.

(d) The Administrator shall define full-time and part-time training in the case of all eligible veterans pursuing a course of vocational rehabilitation training under this chapter.

§ 1505. Leaves of absence

The Administrator shall prescribe such regulations as [he] *the Administrator* deems necessary for granting leaves of absence to veterans pursuing a course of vocational rehabilitation training. Such leaves of absence shall not be granted to any veteran in excess of thirty days in any consecutive twelve months, except in exceptional circumstances. During authorized leaves of absence, a veteran shall be considered as pursuing [his] *the veteran's* course of vocational rehabilitation training.

* * * * * * *

§ 1507. Loans to trainees

The revolving fund which was established pursuant to part VII of Veterans Regulation Numbered 1(a) is continued in effect, and may be used by the Administrator, under regulations prescribed by [him] *the Administrator*, for making advances, not in excess of $200 in any case, to veterans commencing or undertaking courses of vocational rehabilitation. Such advances, and advances heretofore made, shall bear no interest and shall be repaid in such installments as may be determined by the Administrator, by proper deductions from future payments of subsistence allowance, compensation, pension, or retirement pay.

§ 1508. Regulations to promote good conduct

The Administrator shall prescribe such rules and regulations as [he] *the Administrator* deems necessary in order to promote good conduct and cooperation on the part of veterans who are receiving vocational rehabilitation. Penalties for the breach of such rules and regulations may extend to (1) forfeiture by the offender for three months of subsistence allowance otherwise payable, and (2) permanent disqualification for further vocational rehabilitation.

§ 1509. Books, supplies, and equipment

(a) Any books, supplies, or equipment furnished a veteran under this chapter shall be deemed released to [him] *the veteran*, except that if, because of fault on [his] *the veteran's* part, [he] *the veteran* fails to complete the course of vocational rehabilitation, [he] *the veteran* may be required by the Administrator to return any or all of such books, supplies, or equipment not actually expended, or to repay the reasonable value thereof.

(b) Returned books, supplies, and equipment may be turned in to educational or training institutions for credit under such terms as may be approved by the Administrator, or may be disposed of in such other manner as [he] *the Administrator* may approve.

§ 1510. Vocational rehabilitation for hospitalized persons

Vocational rehabilitation may be afforded under this chapter to any person who is hospitalized pending final discharge from the active military, naval, or air service, if [he] *such person* is qualified for such vocational rehabilitation in every respect except for discharge. No subsistence allowance shall be payable to any person while [he] *such person* is receiving vocational rehabilitation solely by reason of this section.

§ 1511. Training and training facilities

The Administrator shall prescribe and provide vocational rehabilitation to veterans eligible therefor. For such purpose, the Administrator may—

(1) employ additional personnel and experts, as [he] *the Administrator* deems necessary;

(2) utilize and extend Veterans' Administration facilities;

(3) utilize facilities of any agency of the United States, or any facilities maintained by joint Federal and State contributions;

(4) provide, by agreement or contract with public or private institutions or establishments, for such additional training facilities as may be suitable and necessary;

(5) cooperate with and employ the facilities of other governmental and State employment agencies for the purpose of placing in gainful employment persons who have received vocational rehabilitation.

Notwithstanding any other provision of law, the facilities of any agency of the United States, as designated in clause (3) of this section, may be used to provide unpaid training or work experience as part or all of a veteran's program of vocational rehabilitation when the Administrator determines such training or work experience to be necessary to accomplish vocational rehabilitation. While pursuing such training or work experience, an uncompensated veteran shall be deemed an employee of the United States for the purposes of the benefits of chapter 81 of title 5 but not for the purposes of laws administered by the Civil Service Commission.

CHAPTER 32—POST-VIETNAM ERA VETERANS' READJUSTMENT ASSISTANCE

SUBCHAPTER I—PURPOSE; DEFINITIONS

Sec.
1601. Purpose.
1602. Definitions.

SUBCHAPTER II—ELIGIBILITY; CONTRIBUTIONS; AND MATCHING FUND

1621. Eligibility.
1622. Contributions; matching fund.
1623. Refunds of contributions upon disenrollment.
1624. Death of participant.
1625. Discharge or release under conditions which would bar use of benefits.

SUBCHAPTER III—ENTITLEMENT; DURATION

1631. Entitlement; loan eligibility.
1632. Duration; limitations.

SUBCHAPTER IV—ADMINISTRATION

1641. Requirements.
1642. Outreach efforts.
1643. Reporting requirements.
1644. Deposits; reports.

Subchapter I—Purpose; Definitions

§ 1601. Purpose

It is the purpose of this chapter (1) to provide educational assistance to those men and women who enter the Armed Forces after December 31, 1976, (2) to assist young men and women in obtaining an education they might not otherwise be able to afford, and (3) to promote and assist the all volunteer military program of the United States by attracting qualified men and women to serve in the Armed Forces.

§ 1602. Definitions

For the purposes of this chapter—

(1)(A) The term "eligible veteran" means any veteran who (i) initially entered military service on or after January 1, 1977, served on active duty for a period of more than 180 days commencing on or after such date, and was discharged or released therefrom under conditions other than dishonorable, or (ii) initially entered military service on or after January 1, 1977, and was discharged or released from active duty after such date for a service-connected disability.

(B) The requirement of discharge or release, prescribed in subparagraph (A), shall be waived in the case of any participant who has completed his or her first obligated period of active duty (which began after December 31, 1976) or 6 years of active duty (which began after December 31, 1976), whichever period is less.

(C) For the purposes of subparagraphs (A) and (B), the term "active duty" does not include any period during which an individual (i) was assigned full time by the Armed Forces to a civilian institution for a course of education which was substantially the same as established courses offered to civilians, (ii) served as a cadet or midshipman at one of the service academies, or (iii) served under the provisions of section 511(d) of title 10 pursuant to an enlistment in the Army National Guard or the Air National Guard, or as a Reserve for service in the Army Reserve, Naval Reserve, Air Force Reserve, Marine Corps Reserve, or Coast Guard Reserve.

(2) The terms "program of education" and "educational institution" shall have the same meaning ascribed to them in sections 1652(b) and 1652(c), respectively, of this title.

(3) The term "participant" is a person who is participating in the educational benefits program established under this chapter.

Subchapter II—Eligibility; Contributions; and Matching Fund

§ 1621. Eligibility

(a) Each person entering military service on or after January 1, 1977, shall have the right to enroll in the educational benefits program provided by this chapter (hereinafter in this chapter referred to as the "program" except where the text indicates otherwise) at any time during such person's service on active duty. When a person elects to enroll in the program, such person must participate for at least 12 consecutive months before disenrolling or suspending participation.

(b) The requirement for 12 consecutive months of participation required by subsection (a) of this section shall not apply when (1) the participant suspends participation or disenrolls from the program because of personal hardship as defined in regulations issued jointly by the Administrator and the Secretary of Defense (hereinafter in this chapter referred to as the "Secretary"), or (2) the participant is discharged or released from active duty.

(c) A participant shall be permitted to suspend participation or disenroll from the program at the end of any 12-consecutive-month period of participation. If participation is suspended, the participant shall be eligible to make additional contributions to the program under such terms and conditions as shall be prescribed by regulations issued jointly by the Administrator and the Secretary.

(d) If a participant disenrolls from the program, such participant forfeits any entitlement to benefits under the program except as provided in subsection (e) of this section. A participant who disenrolls from the program is eligible for a refund of such participant's contributions as provided in section 1623 of this title.

(e) A participant who has disenrolled may be permitted to reenroll in the program under such conditions as shall be prescribed jointly by the Administrator and the Secretary.

§ 1622. Contributions; matching fund

(a) Each person electing to participate in the program shall agree to have a monthly deduction made from such person's military pay. Such monthly deduction shall be in any amount not less than $50 nor more than $75 except that the amount must be divisible by 5. Any such amount contributed by the participant or contributed by the Secretary pursuant to subsection (c) of this section shall be deposited in a special educational funding account (hereinafter in this chapter referred to as the "fund") to be established in the Treasury of the United States. Contributions made by the participant shall be limited to a maximum of $2,700.

(b) Except as otherwise provided in this chapter, each monthly contribution made by a participant under subsection (a) shall entitle the participant to matching funds from the Veterans' Administration at the rate of $2 for each $1 contributed by the participant.

(c) The Secretary is authorized to contribute to the fund of any participant such contributions as the Secretary deems necessary or appropriate to encourage persons to enter or remain in the Armed Forces. The Secretary is authorized to issue such rules and regulations as the Secretary deems necessary or appropriate to implement the provisions of this subsection.

§ 1623. Refunds of contributions upon disenrollment

(a) Contributions made to the program by a participant may be refunded only after the participant has disenrolled from the program or as provided in section 1624.

(b) If a participant disenrolls from the program prior to discharge or release from active duty, such participant's contributions will be refunded on the date of the participant's discharge or release from active duty or within 60 days of receipt of notice by the Administrator of the participant's disenrollment, whichever is later, except that refunds may be made earlier in instances of hardship or other good reason as prescribed in regulations issued jointly by the Administrator and the Secretary.

(c) If a participant disenrolls from the program after discharge or release from active duty, the participant's contributions shall be refunded within 60 days of receipt of an application for a refund from the participant.

(d) In the event the participant (1) dies while on active duty, (2) dies after discharge or release from active duty, or (3) disenrolls or is disenrolled from the program without having utilized any entitlement, the participant may have accrued under the program, or, in the event the participant utilizes part of such participant's entitlement and disenrolls or is disenrolled from the program, the amount contributed by the Secretary under the authority of section 1622(c) remaining in the fund shall be refunded to the Secretary.

§ 1624. Death of participant

(a) If a participant dies, the amount of such participant's unused contributions to the fund shall be paid (1) to the beneficiary or beneficiaries designated by such participant under such participant's Servicemen's Group Life Insurance policy, or (2) to the participant's estate if no beneficiary has been designated under such policy or if the participant is not insured under the Servicemen's Group Life Insurance program.

(b) If a participant dies after having been discharged or released from active duty and before using any or all of the contributions which the participant made to the fund, such unused contributions shall be paid as prescribed in subsection (a) of this section.

§ 1625. Discharge or release under conditions which would bar the use of benefits

If a participant in the program is discharged or released from active duty under dishonorable conditions, such participant is automatically disenrolled and any contributions made by such participant shall be refunded to such participant on the date of such participant's discharge or release from active duty or within 60 days from receipt of notice by the Administrator of such discharge or release, whichever is later.

Subchapter III—Entitlement; Duration

§ 1631. Entitlement; loan eligibility

(a)(1) A participant shall be entitled to a maximum of 36 monthly benefit payments (or their equivalent in the event of part-time benefit payments).

(2) The amount of the monthly payment to which any eligible veteran is entitled shall be ascertained by (A) adding all contributions made to the fund by the eligible veteran, (B) multiplying the sum by 3, (C) adding all contributions made to the fund for such veteran by the Secretary, and (D) dividing the sum by the lesser of 36 or the number of months in which contributions were made by such veteran.

(3) Payment of benefits under this chapter may be made only for periods of time during which an eligible veteran is actually enrolled in and pursuing an approved program of education and, except as provided in paragraph (4), only after an eligible veteran has been discharged or released from active duty.

(4) Payment of benefits under this chapter may be made after a participant has completed his or her first obligated period of active duty (which began after December 31, 1976) or 6 years of active duty (which began after December 31, 1976), whichever period is less.

(b) Any member of the Armed Forces participating in the program shall be eligible to participate in the Predischarge Education Program (PREP) authorized by subchapter VI of chapter 34 of this title.

(c) When an eligible veteran is pursuing either a program of education under this chapter by correspondence or a program of flight training, such eligible veteran's entitlement shall be charged at the rate of 1 month's entitlement for each month of benefits paid to the

eligible veteran (computed on the basis of the formula provided in subsection (a)(2) of this section).

(d) Eligible veterans participating in the program shall be eligible for education loans authorized by subchapter III of chapter 36 of this title in such amounts and on the same terms and conditions as provided in such subchapter, except that the term "eligible veteran" as used in such subchapter shall be deemed to include "eligible veteran" as defined in this chapter.

§ *1632.* ***Duration; limitations***

No educational assistance benefits shall be afforded an eligible veteran under this chapter beyond the date of 10 years after such veteran's last discharge or release from active duty. In the event an eligible veteran has not utilized any or all of such veteran's entitlement by the end of the 10-year period, such eligible veteran is automatically disenrolled and any contributions made by such veteran remaining in the fund shall be refunded to the veteran following notice to the veteran and an application by the veteran for such refund. If no application is received within 1 year from date of notice, it will be presumed for the purposes of subsection (a) of section 725s of title 31, that the individual's whereabouts is unknown and the fund shall be transferred as directed in the last proviso of that subsection.

Subchapter IV—Administration

§ *1641.* ***Requirements***

The provisions of sections 1663, 1670, 1671, 1673, 1674, 1676, 1677, 1681(c), 1683, 1685, 1695, 1696, 1697, and 1698 of this title and the provisions of chapter 36 of this title, with the exception of sections 1777, 1780(c), and 1787, shall be applicable to the program.

§ *1642.* ***Outreach efforts***

The Administrator shall designate an appropriate official of the Veterans' Administration who shall cooperate with and assist the Secretary (or any official designated by such Secretary as administratively responsible for such matters) in carrying out an effective outreach program to acquaint all persons entering or considering entry into the Armed Forces with the benefits and advantages of the program provided for in this chapter. The outreach program shall be designed to advise and counsel each person entering and each person considering entry into the Armed Forces on or after January 1, 1977, with respect to the benefits and advantages of enrollment in the program.

§ *1643.* ***Reporting requirements***

The Administrator and the Secretary shall, within 90 days after the date of enactment of this chapter, submit to the Committees on Veterans' Affairs of the Senate and House of Representatives a joint report containing their respective plans for implementation of the program provided for in this chapter. The Administrator and the Secretary shall submit to such committees a report each year detailing the operations of the program (including outreach efforts) during the preceding year. The first such annual report shall be submitted 15 months after the date of enactment of this section.

§ 1644. Deposits; reports

Deductions made by the Department of Defense from the military pay of any participant shall be promptly transferred to the Administrator for deposit in the fund. The Secretary shall also submit to the Administrator a report each month showing the name, service number, and the amount of the deduction made from the military pay of each initial enrollee, any contribution made by the Secretary pursuant to section 1622(c), as well as any changes in each participant's enrollment and/or contribution. The report shall also include any additional information the Administrator and the Secretary deem necessary to administer this program. The Administrator shall maintain accounts showing contributions made to the fund by individual participants and by the Secretary as well as disbursements made from the fund in the form of benefits.

CHAPTER 34—VETERANS' EDUCATIONAL ASSISTANCE

* * * * * * *

SUBCHAPTER III—ENROLLMENT

1670. Selection of program.
1671. Applications; approval.
1673. Disapproval of enrollment in certain courses.
1674. Discontinuance for unsatisfactory conduct or progress.
1676. Education outside the United States.
1677. Flight training.

* * * * * * *

SUBCHAPTER VI—PREDISCHARGE EDUCATION PROGRAM

1695. Purpose; definition.
1696. Payment of educational assistance allowance.
1697. Educational and vocational guidance.
[1697A.**]** *1698.* Coordination with and participation by Department of Defense.

Subchapter I—Purpose—Definitions

* * * * * * *

§ 1652. Definitions

For the purposes of this chapter—

(a)**[**(1) The term "eligible veteran" means any veteran who (A) served on active duty for a period of more than 180 days any part of which occurred after January 31, 1955, and who was discharged or released therefrom under conditions other than dishonorable or (B) was discharged or released from active duty after such date for a service-connected disability.**]** *(1) The term "eligible veteran" means any veteran who—*

(A) served on active duty for a period of more than 180 days, any part of which occurred after January 31, 1955, and before January 1, 1977, and was discharged or released therefrom under conditions other than dishonorable; or

(B) contracted with the Armed Forces and was enlisted in or assigned to a reserve component prior to January 1, 1977, and as a result of such enlistment or assignment served on active duty

for a period of more than 180 days, any part of which commenced within 12 months after January 1, 1977, and was discharged or released from such active duty under conditions other than dishonorable; or

(C) was discharged or released from active duty, any part of which was performed after January 31, 1955, and before January 1, 1977, or following entrance into active service from an enlistment provided for under clause (B) of this paragraph, because of a service-connected disability.

(2) The requirement of discharge or release, prescribed in paragraph (1)(A) *or (B)*, shall be waived in the case of any individual who served more than one hundred and eighty days in an active-duty status for so long as **[**he**]** *such individual* continues on active duty without a break therein.

(3) For purposes of paragraph (1)(A) and section 1661(a), the term "active duty" does not include any period during which an individual (A) was assigned full time by the Armed Forces to a civilian institution for a course of education which was substantially the same as established courses offered to civilians, (B) served as a cadet or midshipman at one of the service academies, or (C) served under the provisions of section 511(d) of title 10 pursuant to an enlistment in the Army National Guard or the Air National Guard or as a Reserve for service in the Army Reserve, Naval Reserve, Air Force Reserve, Marine Corps Reserve, or Coast Guard Reserve unless at some time subsequent to the completion of such period of active duty for training such individual served on active duty for a consecutive period of one year or more (not including and service as a cadet or midshipman at one of the service academies).

(b) The term "program of education" means any curriculum or any combination of unit courses or subjects pursued at an educational institution which is generally accepted as necessary to fulfill requirements for the attainment of a predetermined and identified educational, professional, or vocational objective. Such term also means any curriculum of unit courses or subjects pursued at an educational institution which fulfill requirements for the attainment of more than one predetermined and identified educational, professional, or vocational objective if all the objectives pursued are generally recognized as being reasonably related to a single career field. Such term also means any unit course or subject, or combination of courses or subjects, pursued by an eligible veteran at an educational institution, required by the Administrator of the Small Business Administration as a condition to obtaining financial assistance under the provisions of 402(a) of the Economic Opportunity Act of 1964 (42 U.S.C. 2902(a)).

(c) The term "educational institution" means any public or private elementary school, secondary school, vocational school, correspondence school, business school, junior college, teachers' college, college, normal school, professional school, university, or scientific or technical institution, or other institution furnishing education for adults.

(d) The term "dependent" means—

(1) a child of an eligible veteran;

(2) a dependent parent of an eligible veteran; and

(3) the **[**wife**]** *spouse* of an eligible veteran.

(e) For the purposes of this chapter and chapter 36 of this title, the term "training establishment" means any establishment providing apprentice or other training on the job, including those under the supervision of a college or university or any State department of education, or any State apprenticeship agency, or any State board of vocational education, or any joint apprenticeship committee, or the Bureau of Apprenticeship and Training established pursuant to chapter 4C of title 29, [United States Code,] or any agency of the Federal Government authorized to supervise such training.

(f) For the purposes of this chapter and chapter 36 of this title, the term "institution of higher learning" means a college, university, or similar institution, including a technical or business school, offering postsecondary level academic instruction that leads to an associate or higher degree if the school is empowered by the appropriate State education authority under State law to grant an associate or higher degree. When there is no State law to authorize the granting of a degree, the school may be recognized as an institution of higher learning if it is accredited for degree programs by a recognized accrediting agency. Such term shall also include a hospital offering educational programs at the postsecondary level without regard to whether the hospital grants a postsecondary degree.

(g) For the purposes of this chapter and chapter 36 of this title, the term "standard college degree" means an associate or higher degree awarded by (1) an institution of higher learning that is accredited as a collegiate institution by a recognized regional or national accrediting agency; or (2) an institution of higher learning that is a "candidate" for accreditation as that term is used by the regional or national accrediting agencies; or (3) an institution of higher learning upon completion of a course which is accredited by an agency recognized to accredit specialized degree-level programs. For the purpose of this section, the accrediting agency must be one recognized by the Commissioner of Education under the provisions of section 1775 of this title.

Subchapter II—Eligibility and Entitlement

§ 1661. Eligibility; entitlement; duration

Entitlement

(a) Except as provided in subsection (c) and in the second sentence of this subsection, each eligible veteran shall be entitled to educational assistance under this chapter or chapter 36 for a period of one and one-half months (or the equivalent thereof in part-time educational assistance) for each month or fraction thereof of [his] *the veteran's* service on active duty after January 31, 1955. If an eligible veteran has served a period of 18 months or more on active duty after January 31, 1955, and has been released from such service under conditions that would satisfy [his] *the veteran's* active duty obligation, *or served for a period of less than 18 months after such date and received a medical discharge because of service-connected disabilities,* [he] *the veteran* shall be entitled to educational assistance under this chapter for a period of [36] *45* months (or the equivalent thereof in part-time educational assistance) [plus an additional number of months, not exceeding nine, as may be utilized in pursuit of a program of education leading to a standard undergraduate college degree]. *In the case of any person serving on active duty on December 31, 1976, or a person whose eligibility is based on section 1652(a)(1)(B) of this chapter, the ending date for computing such person's entitlement shall be the date of such person's first discharge or release from active duty after December 31, 1976.*

Entitlement Limitations

(b) Whenever the period of entitlement under this section of an eligible veteran who is enrolled in an educational institution regularly operated on the quarter or semester system ends during a quarter or semester, such period shall be extended to the termination of such unexpired quarter or semester. In educational institutions not operated on the quarter or semester system, whenever the period of eligibility ends after a major portion of the course is completed such period shall be extended to the end of the course or for twelve weeks, whichever is the lesser period.

(c) Except as provided in [subsections (a) and] *subsection* (b) and in subchapters V and VI of this chapter, no eligible veteran shall receive educational assistance under this chapter in excess of [thirty-six] *45* months.

§ 1662. Time limitations for completing a program of education

Delimiting Period for Completion

(a) No educational assistance shall be afforded an eligible veteran under this chapter beyond the date 10 years after [his] *the veteran's* last discharge or release from active duty after January 31, 1955*; except that in the case of any eligible veteran who was prevented from initiating or completing such veteran's program of education within such time period because of a physical or mental disability which was not the result of such veteran's own willful misconduct, such veteran shall, upon application, be granted an extension of the applicable delimiting period for such length of time as the Administrator determines, from the evidence, that such veteran was prevented from initiating or completing a program of education.*

Correction of Discharge

(b) In the case of any eligible veteran who has been prevented, as determined by the Administrator, from completing a program of education under this chapter within the period prescribed by subsection (a), because [he] *the veteran* had not met the nature of discharge requirements of this chapter before a change, correction, or modification of a discharge or dismissal made pursuant to section 1553 of title 10, the correction of the military records of the proper service department under section 1552 of title 10, or other corrective action by competent authority, then the 10-year delimiting period shall run from the date [his] *the veteran's* discharge or dismissal was changed, corrected, or modified.

Savings Clause

(c) In the case of any eligible veteran who was discharged or released from active duty before the date for which an educational assistance allowance is first payable under this chapter, the 10-year delimiting period shall run from such date, if it is later than the date which otherwise would be applicable. In the case of any eligible veteran who was discharged or released from active duty before the date of enactment of this sentence and who pursues a course of farm cooperative training, apprenticeship or other training on the job, or flight training within the provisions of section 1677 of this chapter, the 10-year delimiting period shall run from the date of enactment of this sentence, if it is later than the date which would otherwise be applicable.

(d) In the case of any veteran (1) who served on or after January 31, 1955, (2) who became eligible for educational assistance under the provisions of this chapter or chapter 36 of this title, and (3) who, subsequent to [his] *the veteran's* last discharge or release from active duty, was captured and held as a prisoner of war by a foreign government or power, there shall be excluded, in computing [his] *the veteran's* 10-year period of eligibility for educational assistance, any period during which [he] *the veteran* was so detained and any period immediately following [his] *the veteran's* release from such detention during which [he] *the veteran* was hospitalized at a military, civilian, or Veterans' Administration medical facility.

§ 1663. Educational and vocational counseling

The Administrator [may arrange for educational and vocational counseling for veterans eligible for educational assistance under this chapter] *shall make available to any eligible veteran, upon such veteran's request, comprehensive counseling services, including but not limited to, vocational and educational counseling and testing.* At such intervals as [he] *the Administrator* deems necessary, [he] *the Administrator* shall make available information respecting the need for general education and for trained personnel in the various crafts, trades, and professions. Facilities of other Federal agencies collecting such information shall be utilized to the extent [he] *the Administrator* deems practicable. *The Administrator shall carry out an effective outreach program to acquaint all eligible veterans with the availability of said counseling, its benefits and advantages.*

Subchapter III—Enrollment

§ 1670. Selection of program

Subject to the provisions of this chapter, each eligible veteran may select a program of education to assist [him] *the veteran* in attaining an educational, professional, or vocational objective at any educational institution (approved in accordance with chapter 36 of this title) selected by [him] *the veteran*, which will accept and retain [him] *the veteran* as a student or trainee in any field or branch of knowledge which such institution finds [him] *the veteran* qualified to undertake or pursue.

§ 1671. Applications; approval

Any eligible veteran, or any person on active duty (after consultation with the appropriate service education officer), who desires to initiate a program of education under this chapter shall submit an application to the Administrator which shall be in such form, and contain such information, as the Administrator shall prescribe. The Administrator shall approve such application unless [he] *the Administrator* finds that such veteran or person is not eligible for or entitled to the educational assistance applied for, or that [his] *the veteran's or person's* program of education fails to meet any of the requirements of this chapter, or that [he] *the veteran or person* is already qualified. The Administrator shall notify the veteran or person of the approval or disapproval of [his] *the veteran's or person's* application.

§ 1673. Disapproval of enrollment in certain courses

(a) The Administrator shall not approve the enrollment of an eligible veteran in—

(1) any bartending course or personality development course;

(2) any sales or sales management course which does not provide specialized training within a specific vocational field, or in any other course with a vocational objective, unless the eligible veteran or the institution offering such course submits justification showing that at least one-half of the persons who completed such course over the preceding two-year period, and who are not unavailable for employment, have been employed in the occupational category for which the course was designed to provide training (but in computing the number of persons who completed such course over any such two-year period, there shall not be included the number of persons who completed such course with assistance under this title while serving on active duty); [or]

(3) any type of course which the Administrator finds to be avocational or recreational in character (or the advertising for which [he] *the Administrator* finds contains significant avocational or recreational themes) unless the veteran submits justification showing that the course will be of bona fide use in the pursuit of [his] *the veteran's* present or contemplated business or occupation[.]*; or*

(4) any independent study program except one leading to a standard college degree.

(b) Except as provided in section 1677 of this title, the Administrator shall not approve the enrollment of an eligible veteran in any course of flight training other than one given by an educational institution of higher learning for credit toward a standard college degree the eligible veteran is seeking.

(c) The Administrator shall not approve the enrollment of an eligible veteran in any course to be pursued by open circuit television (except as herein provided) or radio. The Administrator may approve the enrollment of an eligible veteran in a course, to be pursued in residence, leading to a standard college degree which includes, as an integral part thereof, subjects offered through the medium of open circuit television, if the major portion of the course requires conventional classroom or laboratory attendance.

(d) The Administrator shall not approve the enrollment of any eligible veteran, not already enrolled, in any course (other than one offered pursuant to subchapter V or subchapter VI of this chapter *or any farm cooperative training course*) [which does not lead to a standard college degree and which is offered by a proprietary profit or proprietary nonprofit educational institution] for any period during which the Administrator finds that more than 85 per centum of the students enrolled in the course are having all or part of their tuition, fees, or other charges paid to or for them by the educational institution, the Veterans' Administration under this title *and/or by grants from any Federal agency. The Administrator may waive the requirements of this subsection with respect to grants from any Federal agency upon the recommendation of the Secretary of Health, Education, and Welfare if the Administrator determines it to be in the interest of the eligible veteran.*

§ 1674. Discontinuance for unsatisfactory conduct or progress

The Administrator shall discontinue the educational assistance allowance of an eligible veteran if, at any time, the Administrator finds that according [illegible] the regularly prescribed standards and practices of the educational institution, [his] *the veteran's* conduct or progress is unsatisfactory. *Progress will be considered unsatisfactory at any time the eligible veteran is not progressing at a rate that will permit such veteran to graduate within the approved length of the course based on the training time as certified to the Veterans' Administration unless the Administrator finds there are mitigating circumstances.* The Administrator may renew the payment of the educational assistance allowance only if [he] *the Administrator* finds that—

(1) the cause of the unsatisfactory conduct or progress of the eligible veteran has been removed; and

(2) the program which the eligible veteran now proposes to pursue (whether the same or revised) is suitable to [his] *the veteran's* aptitudes, interests, and abilities.

§ 1676. Education outside the United States

An eligible veteran may not pursue a program of education at an educational institution which is not located in a State, unless such program is pursued at an approved educational institution of higher learning. The Administrator in [his] *the Administrator's* discretion may deny or discontinue the educational assistance under this chapter of any veteran in a foreign educational institution if [he] *the Administrator* finds that such enrollment is not for the best interest of the veteran or the Government.

§ 1677. Flight training

(a) The Administrator may approve the pursuit by an eligible veteran of flight training where such training is generally accepted as necessary for the attainment of a recognized vocational objective in the field of aviation or where generally recognized as ancillary to the pursuit of a vocational endeavor other than aviation, subject to the following conditions:

(1) the eligible veteran must possess a valid private pilot's license and meet the medical requirements necessary for a commercial pilot's license; and

(2) the flight school courses must meet the Federal Aviation Administration standards and be approved both by that Agency and the appropriate State approving agency.

(b) Each eligible veteran who is pursuing a program of education consisting exclusively of flight training approved as meeting the requirements of subsection (a) hereof, shall be paid an educational assistance allowance to be computed at the rate of 90 per centum of the established charges for tuition and fees which similarly circumstanced non-veterans enrolled in the same flight course are required to pay. Such allowance shall be paid monthly upon receipt of a certification as required by section 1681(c) of this title. In each such case the eligible veteran's period of entitlement shall be charged with one month for each $270 which is paid to the veteran as an educational assistance allowance for such course.

Subchapter IV—Payments to Eligible Veterans; Veteran-Student Services

§ 1681. Educational assistance allowance

General

(a) The Administrator shall, in accordance with the applicable provisions of this section and **[**section 1780**]** *chapter 36* of this title, pay to each eligible veteran who is pursuing a program of education under this chapter an educational assistance allowance to meet, in part, the expenses of **[**his**]** *the veteran's* subsistence, tuition, fees, supplies, books, equipment, and other educational costs.

Institutional Training

(b) The educational assistance allowance of an eligible veteran pursuing a program of education, other than a program exclusively by correspondence or a program of flight training, at an educational institution shall be paid as provided in **[**section 1780**]** *chapter 36* of this title.

Flight Training

(c) No educational assistance allowance for any month shall be paid to an eligible veteran who is pursuing a program of education consisting exclusively of flight training until the Administrator shall have received a certification from the eligible veteran and the institution as to actual flight training received by, and the cost thereof to, the veteran during that month.

§ 1682. Computation of educational assistance allowances

(a)(1) Except as provided in subsection (b), or (c) of this section, or section 1677 or 1787 of this title, while pursuing a program of education under this chapter of half-time or more, each eligible veteran shall be paid the monthly educational assistance allowance set forth in column II, III, IV, or V (whichever is applicable as determined by the veteran's dependency status) opposite the applicable type of program as shown in column I:

[

Column I	Column II	Column III	Column IV	Column V
Type of program	No dependents	One dependent	Two dependents	More than two dependents
				The amount in column IV, plus the following for each dependent in excess of two:
Institutional:				
Full-time	$270	$321	$366	$22
Three-quarter-time	203	240	275	17
Half-time	135	160	182	11
Cooperative	217	255	289	17

]

Column I	*Column II*	*Column III*	*Column IV*	*Column V*
Type of program	*No dependents*	*One dependent*	*Two dependents*	*More than two dependents*
				The amount in column IV, plus the following for each dependent in excess of two:
Institutional:				
Full-time	*$292*	*$347*	*$396*	*$24*
Three-quarter-time	*219*	*260*	*297*	*18*
Half-time	*146*	*174*	*198*	*12*
Cooperative	*236*	*276*	*313*	*18*

(2) A "cooperative" program, other than a "farm cooperative" program, means a full-time program of education which consists of institutional courses and alternate phases of training in the business or industrial establishment with the training in the business or industrial establishment being strictly supplemental to the institutional portion.

(b) The educational assistance allowance of an individual pursuing a program of education—

(1) while on active duty, or

(2) on less than a half-time basis,

shall be computed at the rate of (A) the established charges for tuition and fees which the institution requires similarly circumstanced nonveterans enrolled in the same program to pay, or (B) **[**$270**]** *$292* per month for a full-time course, whichever is the lesser.

(c)(1) An eligible veteran who is enrolled in an educational institution for a "farm cooperative" program consisting of institutional agricultural courses prescheduled to fall within 44 weeks of any period of 12 consecutive months and who pursues such program on—

(A) a full time basis (a minimum of ten clock hours per week or four hundred and forty clock hours in such year prescheduled to provide not less than eighty clock hours in any 3-month period),

(B) a three-quarter-time basis (a minimum of 7 clock hours per week), or

(C) a half-time basis (a minimum of 5 clock hours per week)

shall be eligible to receive an educational assistance allowance at the appropriate rate provided in the table in paragraph (2) of this subsection, if such eligible veteran is concurrently engaged in agricultural employment which is relevant to such institutional agricultural courses as determined under standards prescribed by the Administrator. In computing the foregoing clock hour requirements there shall be included the time involved in field trips and individual and group instruction sponsored and conducted by the educational institution through a duly authorized instructor of such institution in which the veteran is enrolled.

(2) The monthly educational assistance allowance of an eligible veteran pursuing a farm cooperative program under this chapter shall be paid as set forth in column II, III, IV, or V (whichever is applicable as determined by the veteran's dependency status) opposite the basis shown in column I:

[

Column I	Column II	Column III	Column IV	Column V
Basis	No dependents	One dependent	Two dependents	More than two dependents
				The amount in column IV, plus the following for each dependent in excess of two:
Full-time	$217	$255	$289	$17
Three-quarter-time	163	191	218	13
Half-time	109	128	145	9

]

Column I	*Column II*	*Column III*	*Column IV*	*Column V*
Basis	*No dependents*	*One dependent*	*Two dependents*	*More then two dependent*
				The amount in column IV, plus the following for each dependent in excess of two:
Full-time	*$235*	*$276*	*$313*	*$18*
Three-quarter-time	*176*	*207*	*235*	*14*
Half-time	*118*	*138*	*157*	*9*

(d)(1) Notwithstanding the prohibition in section 1671 of this title prohibiting enrollment of an eligible veteran in a program of education in which such veteran has "already qualified," a veteran shall be allowed up to six months of educational assistance (or the equivalent thereof in part-time assistance) for the pursuit of refresher training to permit such veteran to update such veteran's knowledge and skills and to be instructed in the technological advances which have occurred in such veteran's field of employment during and since the period of such veteran's active military service.

(2) A veteran pursuing refresher training under this subsection shall be paid an educational assistance allowance based upon the rate prescribed in the table in subsection (a)(1) or in subsection (c)(2) of this section, whichever is applicable.

(3) The educational assistance allowance paid under the authority of this subsection shall be charged against the period of entitlement the veteran has earned pursuant to section 1661(a) of this title.

(e) The educational assistance allowance of an eligible veteran pursuing an independent study program which leads to a standard college degree shall be computed at the rate provided in subsection (b)(2) of this section. In those cases where independent study is combined with resident training and the resident training constitutes the major portion of such training, the maximum allowance may not exceed the full-time institutional allowance provided under subsection (a)(1) of this section.

§ 1683. Approval of courses

An eligible veteran shall receive the benefits of this chapter while enrolled in a course of education offered by an educational institution only if such course is approved in accordance with the provisions of subchapter I of chapter 36 of this title.

§ 1684. Apprenticeship or other on-job training; correspondence courses

Any eligible veteran may pursue a program of apprenticeship or other on-job training or a program of education exclusively by correspondence and be paid an educational assistance allowance or training assistance allowance, as applicable, under the provisions of section 1787 or 1786 of this title.

§ 1685. Veteran-student services

(a) Veteran-students utilized under the authority of subsection (b) of this section shall be paid an additional educational assistance allowance (hereafter referred to as "work-study allowance"). Such work-study allowance shall be paid in the amount of $625 in return for such veteran-student's agreement to perform services, during or between periods of enrollment, aggregating two hundred and fifty hours during a semester or other applicable enrollment period, required in connection with (1) the outreach services program under subchapter IV of chapter 3 of this title as carried out under the supervision of a Veterans' Administration employee, (2) the preparation and processing of necessary papers and other documents at educational institutions or regional offices or facilities of the Veterans' Administration, (3) the provision of hospital and domiciliary care and medical treatment under chapter 17 of this title, or (4) any other activity of the Veterans' Administration as the Administrator shall determine appropriate. An agreement may be entered into for the performance of services for periods of less than two hundred and fifty hours, in which case the amount of the work-study allowance to be paid shall bear the same ratio to the number of hours of work agreed to be performed as $625 bears to two hundred and fifty hours. In the case of any agreement providing for the performance of services for one hundred hours or more, the veteran student shall be paid $250 in advance, and in the case of any agreement for the performance of services for less than one hundred hours, the amount of the advance payment shall bear the same ratio to the number of hours of work agreed to be performed as $625 bears to two hundred and fifty hours.

(b) Notwithstanding any other provision of law, the Administrator shall utilize, in connection with the activities specified in subsection (a) of this section, the services of veteran-students who are pursuing full-time programs of education or training under chapters

781

31 and 34 of this title. In carrying out this section, the Administrator, wherever feasible, shall give priority to veterans with disabilities rated at 30 per centum or more for purposes of chapter 11 of this title. *In the event the veteran ceases to be a full-time student before completing such agreement, the veteran may, with the approval of the Administrator, be permitted to complete such agreement.*

(c) The Administrator shall determine the number of veterans whose services the Veterans' Administration can effectively utilize and the types of services that such veterans may be required to perform, on the basis of a survey, which **[**he**]** *the Administrator* shall conduct annually, of each Veterans' Administration regional office in order to determine the numbers of veteran-students whose services can effectively be utilized during an enrollment period in each geographical area where Veterans' Administration activities are conducted, and shall determine which veteran-students shall be offered agreements under this section in accordance with regulations which **[**he**]** *the Administrator* shall prescribe, including as criteria (1) the need of the veteran to augment **[**his**]** *the veteran's* educational assistance or subsistence allowance; (2) the availability to the veteran of transportation to the place where **[**his**]** *the veteran's* services are to be performed; (3) the motivation of the veteran; and (4) in the case of a disabled veteran pursuing a course of vocational rehabilitation under chapter 31 of this title, the compatibility of the work assignment to the veteran's physical condition.

(d) While performing the services authorized by this section, veteran-students shall be deemed employees of the United States for the purposes of the benefits of chapter 81 of title 5 but not for the purposes of laws administered by the Civil Service Commission.

* * * * * * *

Subchapter V—Special Assistance for the Educationally Disadvantaged

* * * * * * *

§ 1691. Elementary and secondary education and preparatory educational assistance

(a) In the case of any eligible veteran not on active duty who—

(1) has not received a secondary school diploma (or an equivalency certificate) at the time of **[**his**]** *the veteran's* discharge or release from active duty, or

(2) in order to pursue a program of education for which **[**he**]** *the veteran* would otherwise be eligible, needs refresher courses, deficiency courses, or other preparatory or special educational assistance to qualify for admission to an appropriate educational institution,

the Administrator may, without regard to so much of the provisions of section 1671 as prohibit the enrollment of an eligible veteran in a program of education in which **[**he**]** *the veteran* is "already qualified", approve the enrollment of such veteran in an appropriate course or courses or other special educational assistance program.

(b) The Administrator shall pay to an eligible veteran pursuing a course or courses or program pursuant to subsection (a) of this section, an educational assistance allowance as provided in section 1681 and 1682 (a) or (b) of this title.

§ 1692. Special supplementary assistance

(a) In the case of any eligible veteran who—

(1) is enrolled in and pursuing a postsecondary course of education on a half-time or more basis at an educational institution; and

(2) has a deficiency in a subject required as a part of, or which is a prerequisite to, or which is indispensable to the satisfactory pursuit of, an approved program of education,

the Administrator may approve individualized tutorial assistance for such veteran if such assistance is necessary for the veteran to complete such program successfully. *A veteran enrolled in and pursuing an institutional or technical course not leading to a standard college degree, who has not received a high school diploma or equivalency certificate, may, subject to such regulations as the Administrator shall prescribe, be entitled to receive tutorial assistance. Such assistance shall be limited to the academic portions of such a course and may not be granted in connection with the laboratory or shop portions or to any courses provided under section 1691 or section 1695 of this title.*

(b) The Administrator shall pay to an eligible veteran receiving tutorial assistance pursuant to subsection (a) of this section, in addition to the educational assistance allowance provided in section 1682 of this title, the cost of such tutorial assistance in an amount not to exceed **[**$60**]** *$65* per month, for a maximum of twelve months, or until a maximum of **[**$720**]** *$780* is utilized, upon certification by the educational institution that—

(1) the individualized tutorial assistance is essential to correct a deficiency of the eligible veteran in a subject required as a part of, or which is prerequisite to, or which is indispensable to the satisfactory pursuit of, an approved program of education;

(2) the tutor chosen to perform such assistance is qualified; and

(3) the charges for such assistance do not exceed the customary charges for such tutorial assistance.

* * * * * * *

Subchapter VI—Predischarge Education Program

* * * * * * *

§ 1696. Payment of educational assistance allowance

(a) The Administrator shall, under such regulations as **[**he**]** *the Administrator* shall prescribe after consultation with the Secretary of Defense, pay the educational assistance allowance as computed in subsection (b) of this section to an eligible person enrolled in and pursuing (1) a course or courses offered by an educational institution (other than by correspondence) and required to receive a secondary school diploma, or (2) any deficiency, remedial, or refresher course or courses offered by an educational institution and required for or preparatory to the pursuit of an appropriate course or training program in an approved educational institution or training establishment.

(b) The educational assistance allowance of an eligible person pursuing education or training under this subchapter shall be computed at the rate of (1) the established charges for tuition and fees which the educational institution requires similarly circumstanced nonveterans enrolled in the same or a similar program to pay, and the cost of books and supplies peculiar to the course which such educational institution requires similarly circumstanced nonveterans enrolled in the same or a similar program to have, or (2) [$270] *$292* per month for a full-time course, whichever is the lesser. Where it is determined that there is no same program, the Administrator shall establish appropriate rates for tuition and fees designed to allow reimbursement for reasonable costs for the education or training institution.

(c) The educational assistance allowance authorized by this section shall be paid without charge to any period of entitlement earned pursuant to section 1661(a) of this title.

§ 1697. Educational and vocational guidance

The Administrator shall, to the extent that professional counselors are available, provide, by contract or otherwise, educational and vocational guidance to persons eligible for educational assistance under this subchapter.

[§ 1697A.] *§ 1698.* Coordination with and participation by Department of Defense

(a) The Administrator shall designate an appropriate official of the Veterans' Administration who shall cooperate with and assist the Secretary of Defense and the official [he] *the Administrator* designates as administratively responsible for such matters, in carrying out functions and duties of the Department of Defense under the PREP program authorized by this subchapter. It shall be the duty of such official to assist the Secretary of Defense in all matters entailing cooperation or coordination between the Department of Defense and the Veterans' Administration in providing training facilities and released time from duty necessary to carry out the purposes of the program.

(b) Educational institutions and training establishments administered by or under contract to the Department of Defense providing education and training to persons serving on active duty with the Armed Forces shall, in accordance with regulations jointly prescribed by the Administrator and the Secretary of Defense, be approved for the enrollment of eligible persons only at such time as the Secretary submits to the Committees on Veterans' Affairs of the Senate and House of Representatives a report containing such Department's plan for implementation of the program established under this subchapter (except that on-going programs of education and training at such institutions or establishments may be continued for ninety days after the date of enactment of this section and prior to the submission of such report), and periodically thereafter submits progress reports with respect to the implementation of such plan, which plan shall include provision for—

(1) each Secretary concerned to undertake an information and outreach program designed to advise, counsel, and encourage each eligible person within each branch of the Armed Forces with

respect to enrollment in a program under this subchapter, with particular emphasis upon programs under sections 1691(a)(2) and 1696(a)(2) of this title, and in all other programs for which such person, prior to or following discharge or release from active duty, may be eligible under chapters 31 and 34 of this title;

(2) each Secretary concerned to undertake, in coordination with representatives of the Veterans' Administration, to arrange and carry out meetings with each approved educational institution located in the vicinity of an Armed Forces installation (or, in the case of installations overseas, which have the capacity to carry out such programs at such overseas installations) to encourage the establishment of a program by such institution under this subchapter and subchapter V of this chapter in connection with persons stationed at such installation, with particular emphasis upon programs under sections 1691(a)(2) and 1696(a)(2) of this title;

(3) the release from duty assignment of any such eligible person for at least one-half of the hours required for such person to enroll in a full-time program of education or training under this subchapter during [this] *such person's* military service, unless, pursuant to regulations prescribed by the Secretary concerned, it is determined that such release of time is inconsistent with the interests of the national defense; and

(4) establishment of an Inter-Service and Agency Coordinating Committee, under the co-chairmanship of an Assistant Secretary of Defense and the Chief Benefits Director of the Veterans' Administration, to promote and coordinate the establishment and conduct of programs under this subchapter and other provisions of this title and the implementation of the plan submitted pursuant to this section.

CHAPTER 35—[WAR ORPHANS' AND WIDOWS'] *SURVIVORS' AND DEPENDENTS'* EDUCATIONAL ASSISTANCE

* * * * * * *

Subchapter I—Definitions

§ 1700. Purpose

The Congress hereby declares that the educational program established by this chapter is for the purpose of providing opportunities for education to children whose education would otherwise be impeded or interrupted by reason of the disability or death of a parent from a disease or injury incurred or aggravated in the Armed Forces after the beginning of the Spanish-American War, and for the purpose of aiding such children in attaining the educational status which they might normally have aspired to and obtained but for the disability or death of such parent. The Congress further declares that the educational program extended to the [widows] *surviving spouses* of veterans who died of service-connected disabilities and to [wives] *spouses* of veterans with a service-connected total disability permanent in nature is for the purpose of assisting them in preparing to support themselves and their families at a standard of living level which the veteran, but for [his] *the veteran's* death or service disability, could have expected to provide for [his] *the veteran's* family.

§ 1701. Definitions

(a) For the purpose of this chapter—

(1) The term "eligible person" means—

(A) a child of a person who—

(i) died of a service-connected disability,

(ii) has a total disability permanent in nature resulting from a service-connected disability, or who died while a disability so evaluated was in existence, or

(iii) at the time of application for benefits under this chapter is a member of the Armed Forces serving on active duty listed, pursuant to section 556 of title 37, United States Code, and regulations issued thereunder by the Secretary concerned in one or more of the following categories and has been so listed for a total of more than ninety days: (A) missing in action, (B) captured in line of duty by a hostile force, or (C) forcibly detained or interned in line of duty by a foreign government or power.

(B) the **[**widow**]** *surviving spouse* of any person who died of a service-connected disability,

(C) the **[**wife**]** *spouse* of any member of the Armed Forces serving on active duty who, at the time of application for benefits under this chapter is listed, pursuant to section 556 of title 37, United States Code, and, regulations issued thereunder, by the Secretary concerned in one or more of the following categories and has been so listed for a total of more than ninety days: (i) missing in action, (ii) captured in line of duty by a hostile force, or (iii) forcibly detained or interned in line of duty by a foreign government or power, or

(D) the **[**wife**]** *spouse* of any person who has a total disability permanent in nature resulting from a service-connected disability, or the **[**widow**]** *surviving spouse* of a veteran who died while a disability so evaluated was in existence,

arising out of active military, naval, or air service after the beginning of the Spanish-American War, but only if such service did not terminate under dishonorable conditions. The standards and criteria for determining whether or not a disability arising out of such service is service connected shall be those applicable under chapter 11 of this title.

(2) The term "child" includes individuals who are married and individuals who are above the age of twenty-three years.

(3) The term "duty with the Armed Forces" as used in section 1712 of this title means (A) active duty, (B) active duty for training for a period of six or more consecutive months, or (C) active duty for training required by section 511(d) of title 10.

(4) The term "guardian" includes a fiduciary legally appointed by a court of competent jurisdiction, or any other person who has been appointed by the Administrator under section 3202 of this title to receive payment of benefits for the use and benefit of the eligible person.

(5) The term "program of education" means any curriculum or any combination of unit courses or subjects pursued at an educational institution which is generally accepted as necessary to fulfill the requirement for the attainment of a predetermined and identified educational, professional, or vocational objective.

(6) The term "educational institution" means any public or private secondary school, vocational school, correspondence school, business school, junior college, teachers' college, college, normal school, professional school, university, or scientific or technical institution, or any other institution if it furnishes education at the secondary school level or above.

(7) The term "special restorative training" means training furnished under subchapter V of this chapter.

(8) The term "total disability permanent in nature" means any disability rated total for the purposes of disability compensation which is based upon an impairment reasonably certain to continue throughout the life of the disabled person.

(9) For the purposes of this chapter and chapter 36 of this title, the term "training establishment" means any establishment providing apprentice or other training on the job, including those under the supervision of a college or university or any State department of education, or any State apprenticeship agency, or any State board of vocational education, or any joint apprenticeship committee, or the Bureau of Apprenticeship and Training established pursuant to chapter 4C of title 29, or any agency of the Federal Government authorized to supervise such training.

(10) For the purposes of this chapter and chapter 36 of this title, the term "institution of higher learning" means a college, university, or similar institution, including a technical or business school, offering postsecondary level academic instruction that leads to an associate or higher degree if the school is empowered by the appropriate State education authority under State law to grant an associate or higher degree. When there is no State law to authorize the granting of a degree, the school may be recognized as an institution of higher learning if it is accredited for degree programs by a recognized accrediting agency. Such term shall also include a hospital offering educational programs at the postsecondary level without regard to whether the hospital grants a postsecondary degree.

(11) For the purposes of this chapter and chapter 36 of this title, the term "standard college degree" means an associate or higher degree awarded by (A) an institution of higher learning that is accredited as a collegiate institution by a recognized regional or national accrediting agency; or (B) an institution of higher learning that is a "candidate" for accreditation as that term is used by the regional or national accrediting agencies; or (C) an institution of higher learning upon completion of a course which is accredited by an agency recognized to accredit specialized degree-level programs. For the purpose of this section, the accrediting agency must be one recognized by the Commissioner of Education under the provisions of section 1775 of this title.

(b) If an eligible person has attained [his] *the person's* majority and is under no known legal disability, all references in this chapter to "parent or guardian" shall refer to the eligible person [himself].

(c) Any provision of this chapter which requires any action to be taken by or with respect to the parent or guardian of an eligible person who has not attained [his] *such person's* majority, or who, having attained [his] *such person's* majority, is under a legal disability, shall not apply when the Administrator determines that its application would not be in the best interest of the eligible person, would result in undue delay, or would not be administratively feasible. In such a case the Administrator, where necessary to protect the interest of the eligible person, may designate some other person (who may be the eligible person [himself]) as the person by or with respect to whom the action so required should be taken.

(d) No eligible person may be afforded educational assistance under this chapter unless [he] *such person* was discharged or released after each period [he] *such person* was on duty with the Armed Forces under conditions other than dishonorable, or while [he] *such person* is on duty with the Armed Forces.

Subchapter II—Eligibility and Entitlement

§ 1710. Eligibility and entitlement generally

Each eligible person shall, subject to the provisions of this chapter, be entitled to receive educational assistance.

§ 1711. Duration of educational assistance

(a) Each eligible person shall be entitled to educational assistance under this chapter for a period not in excess of [thirty-six] *45* months (or to the equivalent thereof in part-time training).

(b) If any eligible person pursuing a program of education, or of special restorative training, under this chapter ceases to be an "eligible person" because—

(1) the parent or spouse from whom eligibility is derived is found no longer to have a "total disability permanent in nature", as defined in section 1701(a)(8) of this title,

(2) the parent or spouse from whom eligibility is derived based upon the provisions of section 1701(a)(1)(A)(iii) or 1701(a)(1)(C) of this title is no longer listed in one of the categories specified therein, or

(3) [she] *the spouse*, as an eligible person under section 1701(a)(1)(D) of this title, is divorced, without fault on [her] *such person's* part, from the person upon whose disability [her] *such person's* eligibility is based,

then such eligible person (if [he or she] *such person* has sufficient remaining entitlement) may, nevertheless, be afforded educational assistance under this chapter until the end of a quarter or semester for which enrolled if the educational institution in which [he or she] *such person* is enrolled is operated on a quarter or semester system, or if the educational institution is not so operated until the end of the course, or until [nine] *12* weeks have expired, whichever first occurs.

§ 1712. Periods of eligibility

(a) The educational assistance to which an eligible person (within the meaning of section 1701(a)(1)(A)) is entitled under section 1711 of this title or subchapter V of this chapter may be afforded [him] *the person* during the period beginning on [his] *the person's* eighteenth birthday, or on the successful completion of [his] *the person's* secondary schooling, whichever first occurs, and ending on [his] *the person's* twenty-sixth birthday, except that—

(1) if [he] *the person* is above the age of compulsory school attendance under applicable State law, and the Administrator

determines that [his] *the person's* best interests will be served thereby, such period may begin before [his] *the person's* eighteenth birthday;

(2) if [he] *the person* has a mental or physical handicap, and the Administrator determines that [his] *the person's* best interests will be served by pursuing a program of special restorative training or a specialized course of vocational training approved under section 1736 of this title, such period may begin before [his] *the person's* eighteenth birthday, but not before [his] *the person's* fourteenth birthday.

(3) if the Administrator first finds that the parent from whom eligibility is derived has a service-connected total disability permanent in nature, or if the death of the parent from whom eligibility is derived occurs, after the eligible person's eighteenth birthday but before [his] *the person's* twenty-sixth birthday, then (unless paragraph (4) applies) such period shall end [five] *8* years after, whichever date last occurs (A) the date on which the Administrator first finds that the parent from whom eligibility is derived has a service-connected total disability permanent in nature, or (B) the date of death of the parent from whom eligibility is derived;

(4) if [he] *the person* serves on duty with the Armed Forces as an eligible person after [his] *the person's* eighteenth birthday but before [his] *the person's* twenty-sixth birthday, then such period shall end [five] *8* years after [his] *the person's* first discharge or release from such duty with the Armed Forces (excluding from such [five] *8* years all periods during which the eligible person served on active duty before August 1, 1962, pursuant to (A) a call or order thereto issued to [him] *the person* as a Reserve after July 30, 1961, or (B) an extension of an enlistment, appointment, or period of duty with the Armed Forces pursuant to section 2 of Public Law 87–117); however, in no event shall such period be extended beyond [his] *the person's* thirty-first birthday by reason of this paragraph; and

(5)(A) if [he] *such person* is enrolled in an educational institution regularly operated on [a] *the* quarter or semester system and such period ends during [the last half of] a quarter or semester, such period shall be extended to the end of the quarter or semester; or

(B) if [he] *such person* is enrolled in an educational institution operated *on* other than [on] a quarter or semester system and such period ends [during the last half of the course] *after a major portion of the course is completed*, such period shall be extended to the end of the course, or until [nine] *12* weeks have expired, whichever first occurs.

(b) No person made eligible by section 1701(a)(1) (B) or (D) of this chapter may be afforded educational assistance under this chapter beyond 10 years after whichever last occurs:

(1) The date on which the Administrator first finds the spouse from whom eligibility is derived has a service-connected total disability permanent in nature, or

(2) The date of death of the spouse from whom eligibility is derived.

(c) Notwithstanding the provisions of subsection (a) of this section, an eligible person may be afforded educational assistance beyond the age limitation applicable to [him] *such person* under such subsection if (1) [he] *such person* suspends pursuit of [his] *such person's* program of education after having enrolled in such program within the time period applicable to [him] *such person* under such subsection, (2) [he] *such person* is unable to complete such program after the period of suspension and before attaining the age limitation applicable to [him] *such person* under such subsection, and (3) the Administrator finds that the suspension was due to conditions beyond the control of such person; but in no event shall educational assistance be afforded such person by reason of this subsection beyond the age limitation applicable to [him] *such person* under subsection (a) of this section plus a period of time equal to the period [he] *such person* was required to suspend the pursuit of [his] *such person's* program, or beyond [his] *such person's* thirty-first birthday, whichever is earlier.

[(d) Notwithstanding the provisions of subsection (a) of this section, an eligible person may be afforded educational assistance beyond the age limitation applicable to him under such subsection by a period of time equivalent to any period of time which elapses between the eighteenth birthday of such eligible person or the date on which an application for benefits of this chapter is filed on behalf of such eligible person, whichever is later, and the date of final approval of such application by the Administrator; but in no event shall educational assistance under this chapter be afforded an eligible person beyond his thirty-first birthday by reason of this subsection.]

[(e)] (*d*) The term "first finds" as used in this section means the effective date of the rating or date of notification to the veteran from whom eligibility is derived establishing a service-connected total disability permanent in nature whichever is more advantageous to the eligible person.

[(f)] (*e*) No person made eligible by section 1701(a)(1)(C) of this title may be afforded educational assistance under this chapter beyond 10 years after the date on which [her] *the* spouse was listed by the Secretary concerned in one of the categories referred to in such section or the date of enactment of this subsection, whichever last occurs.

[(g)] (*f*) Any entitlement used by any eligible person as a result of eligibility under the provisions of section 1701(a)(1)(A)(iii) or 1701(a)(1)(C) of this title shall be deducted from any entitlement to which [he] *such person* may subsequently become entitled under the provisions of this chapter.

§ 1713. Application

The parent or guardian of a person *(or the eligible person if such person has attained legal majority)* for whom educational assistance is sought under this chapter shall submit an application to the Administrator which shall be in such form and contain such information as the Administrator shall prescribe. If the Administrator finds that the person on whose behalf the application is submitted is an eligible person, [he] *the Administrator* shall approve the application provisionally. The Administrator shall notify the parent or guardian *or eligible person (if the person has attained legal majority)* of [his] *the* provisional approval or of [his] *the* disapproval of the application.

* * * * * * *

Subchapter III—Program of Education

§ 1720. Development of educational plan

(a) Upon provisional approval of an application for educational assistance for a person eligible within the meaning of section 1701(a)(1)(A), the Administrator shall arrange for, and the eligible person shall take advantage of, educational or vocational counseling to assist the parent or guardian and the eligible person in selecting **[**his**]** *such person's* educational, vocational, or professional objective and in developing **[**his**]** *such person's* program of education. Such counseling shall not be required where the eligible person has been accepted for, or is pursuing, courses which lead to a standard college degree, at an approved institution. During, or after, such counseling, the parent or guardian shall prepare for the eligible person an educational plan which shall set forth the selected objective, the proposed program of education, a list of the educational institutions at which such program would be pursued, an estimate of the sum which would be required for tuition and fees in completion of such program, and such other information as the Administrator shall require. This educational plan shall be signed by the parent or guardian and shall become an integral part of the application for educational assistance under this chapter.

(b) The Administrator may, on request, arrange for educational counseling for persons eligible for educational assistance under section 1701(a)(1) (B), (C), or (D) of this chapter.

§ 1721. Final approval of application

The Administrator shall finally approve an application if **[**he**]** *the Administrator* finds (1) that section 1720 of this title has been complied with, (2) that the proposed program of education constitutes a "program of education" as that term is defined in this chapter, (3) that the eligible person is not already qualified, by reason of previous education or training, for the educational, professional, or vocational objective for which the courses of the program of education are offered, and (4) that it does not appear that the pursuit of such program would violate any provision of this chapter.

§ 1723. Disapproval of enrollment in certain courses

(a) The Administrator shall not approve the enrollment of an eligible person in—

(1) any bartending course or personality development course;

(2) any sales or sales management course which does not provide specialized training within a specific vocational field, or in any other course with a vocational objective, unless the eligible person or the institution offering such course submits justification showing that at least one-half of the persons who completed such course over the preceding two-year period, and who are not unavailable for employment, have been employed in the occupational category for which the course was designed to provide training (but in computing the number of persons who completed such course over any such two-year period, there shall not be included the number of persons who completed such course with assistance under this title while serving on active duty); **[**or**]**

(3) any type of course which the Administrator finds to be avocational or recreational in character (or the advertising for

which [he] *the Administrator* finds contains significant avocational or recreational themes) unless the eligible person submits justification showing that the course will be of bona fide use in the pursuit of [his] *the person's* present or contemplated business or occupation[.] *; or*

(*4*) *any independent study program except one leading to a standard college degree.*

(b) The Administrator shall not approve the enrollment of an eligible person in any course of flight training other than one given by an educational institution of higher learning for credit toward a standard college degree the eligible person is seeking.

(c) The Administrator shall not approve the enrollment of an eligible person in any course to be pursued by correspondence (except as provided in section 1786 of this title), open circuit television (except as herein provided), or a radio, or any course to be pursued at an educational institution not located in a State or in the Republic of the Philippines (except as herein provided). The Administrator may approve the enrollment of an eligible person in a course, to be pursued in residence, leading to a standard college degree which includes, as an integral part thereof, subjects offered through the medium of open circuit televised instruction, if the major portion of the course requires conventional classroom or laboratory attendance. The Administrator may approve the enrollment at an educational institution which is not located in a State or in the Republic of the Philippines if such program is pursued at an approved educational institution of higher learning. The Administrator in [his] *the Administrator's* discretion may deny or discontinue the educational assistance under this chapter of any eligible person in a foreign educational institution if [he] *the Administrator* finds that such enrollment is not in the best interest of the eligible person or the Government.

(d) The Administrator shall not approve the enrollment of an eligible person in any course which is to be pursued as a part of [his] *such person's* regular secondary school education (except as provided in section 1733 of this title), but this subsection shall not prevent the enrollment of an eligible person in a course not leading to a standard college degree if the Administrator finds that such person has ended [his] *such person's* secondary school education (by completion or otherwise) and that such course is a specialized vocational course pursued for the purpose of qualifying in a bona fide vocational objective.

§ 1724. Discontinuance for unsatisfactory progress

The Administrator shall discontinue the educational assistance allowance on behalf of an eligible person if, at any time, the Administrator finds that according to the regularly prescribed standards and practices of the educational institution [he] *such person* is attending, [his] *the person's* conduct or progress is unsatisfactory. *Progress will be considered unsatisfactory at any time an eligible person is not progressing at a rate that will permit such person to graduate within the approved length of the course based on the training time as certified to the Veterans' Administration unless the Administrator finds there* *are mitigating circumstances.* The Administrator may renew the payment of the educational assistance allowance only if [he] *the Administrator* finds that—

(1) the cause of the unsatisfactory conduct or progress of the eligible person has been removed; and

(2) the program which the eligible person now proposes to pursue (whether the same or revised) is suitable to [his] *the person's* aptitudes, interests, and abilities.

Subchapter IV—Payments to Eligible Persons

§ 1731. Educational assistance allowance

(a) The Administrator shall, in accordance with the provisions of [section 1780] *chapter 36* of this title, pay to the parent or guardian of each eligible person who is pursuing a program of education under this chapter, and who applies therefor on behalf of such eligible person, an educational assistance allowance to meet, in part, the expenses of the eligible person's subsistence, tuition, fees, supplies, books, equipment, and other educational costs.

(b) No educational assistance allowance shall be paid on behalf of an eligible person enrolled in a course in an educational institution which does not lead to a standard college degree for any period until the Administrator shall have received—

(1) from the eligible person a certification as to [his] *the person's* actual attendance during such period; and

(2) from the educational institution, a certification, or an endorsement on the eligible person's certificate, that [he] *the person* was enrolled in and pursuing a course of education during such period.

§ 1732. Computation of educational assistance allowance

(a)(1) The educational assistance allowance on behalf of an eligible person who is pursuing a program of education consisting of institutional courses shall be computed at the rate prescribed in section 1682(a)(1) of this title for full-time, three-quarter-time, or half-time pursuit, as appropriate, of an institutional program by an eligible veteran with no dependents.

(2) The educational assistance allowance on behalf of an eligible person pursuing a program of education on less than a half-time basis shall be computed at the rate prescribed in section 1682(b)(2) of this title for less-than-half-time pursuit of an institutional program by an eligible veteran.

(b) The educational assistance allowance to be paid on behalf of an eligible person who is pursuing a full-time program of education which consists of institutional courses and alternate phases of training in a business or industrial establishment with the training in the business or industrial establishment being strictly supplemental to the institutional portion, shall be computed at the rate of [$217] *$235* per month.

(c)(1) An eligible person who is enrolled in an educational institution for a "farm cooperative" program consisting of institutional agricultural courses prescheduled to fall within forty-four weeks of any period of twelve consecutive months and who pursues such program on—

(A) a full-time basis (a minimum of ten clock hours per week or four hundred and forty clock hours in such year prescheduled to provide not less than eighty clock hours in any three-month period),

(B) a three-quarter-time basis (a minimum of seven clock hours per week), or

(C) a half-time basis (a minimum of five clock hours per week),

shall be eligible to receive an educational assistance allowance at the appropriate rate provided in paragraph (2) of this subsection, if such eligible person is concurrently engaged in agricultural employment which is relevant to such institutional agricultural courses as determined under standards prescribed by the Administrator. In computing the foregoing clock hour requirements there shall be included the time involved in field trips and individual and group instruction sponsored and conducted by the educational institution through a duly authorized instructor or such institution in which the person is enrolled.

(2) The monthly educational assistance allowance to be paid on behalf of an eligible person pursuing a farm cooperative program under this chapter shall be computed at a rate prescribed in section 1682(c)(2) of this title for full-time, three-quarter-time, or half-time pursuit, as appropriate, of a farm cooperative program by an eligible veteran with no dependents.

(3) The monthly educational assistance allowance to be paid on behalf of an eligible person pursuing an independent study program which leads to a standard college degree shall be computed at the rate prescribed in section 1682(e) of this title.

(d) If a program of education is pursued by an eligible person at an institution located in the Republic of the Philippines, the educational assistance allowance computed for such person under this section shall be paid at a rate in Philippine pesos equivalent to $0.50 for each dollar.

§ 1733. Special assistance for the educationally disadvantaged

(a) Any eligible [wife or widow] *spouse or surviving spouse* shall, without charge to any entitlement [she] *such spouse* may have under section 1711 of this title, be entitled to the benefits provided an eligible veteran under section 1691 (if pursued in a State) of this title and be paid an educational assistance allowance under the provisions of section 1732(a) of this title.

(b) Any eligible person shall, without charge to any entitlement [he] *such person* may have under section 1711 of this title, be entitled to the benefits provided an eligible veteran under section 1692 of this title.

§ 1734. Apprenticeship or other on-job training; correspondence courses

(a) Any eligible person shall be entitled to pursue, in a State, a program of apprenticeship or other on-job training and be paid a training assistance allowance as provided in section 1787 of this title.

(b) Any eligible [wife or widow] *spouse or surviving spouse* shall be entitled to pursue a program of education exclusively by correspondence and be paid as educational assistance allowance as provided in section 1786 of this title.

§ 1735. Approval of courses

An eligible person shall receive the benefits of this chapter while enrolled in a course of education offered by an educational institution only if such course (1) is approved in accordance with the provisions of subchapter I of chapter 36 of this title, or (2) is approved for the enrollment of the particular individual under the provisions of section 1736 of this title.

§ 1736. Specialized vocational training courses

The Administrator may approve a specialized course of vocational training leading to a predetermined vocational objective for the enrollment of an eligible person under this subchapter if [he] *the Administrator* finds that such course, either alone or when combined with other courses, constitutes a program of education which is suitable for that person and is required because of a mental or physical handicap.

* * * * * * *

Subchapter V—Special Restorative Training

* * * * * * *

§ 1741. Entitlement to special restorative training

(a) The Administrator at the request of the parent or guardian of an eligible person is authorized—

(1) to determine whether such person is in need of special restorative training; and

(2) where need is found to exist, to prescribe a course which is suitable to accomplish the purposes of this chapter.

Such a course, at the discretion of the Administrator, may contain elements that would contribute toward an ultimate objective of a program of education.

(b) The total period of educational assistance under this subchapter and other subchapters of this chapter may not exceed the amount of entitlement as established in section 1711 of this title, except that the Administrator may extend such period in the case of any person if [he] *the Administrator* finds that additional assistance is necessary to accomplish the purpose of special restorative training as stated in subsection (a) of this section.

§ 1742. Special training allowance

(a) While the eligible person is enrolled in and pursuing a full-time course of special restorative training, the parent or guardian shall be entitled to receive on behalf of such person a special training allowance computed at the basic rate of [$270] *$292* per month. If the charges for tuition and fees applicable to any such course are more than [$85] *$92* per calendar month, the basic monthly allowance may be increased by the amount that such charges exceed [$85] *$92* a month, upon election by the parent or guardian of the eligible person to have such person's period of entitlement reduced by one day for each [$9.02] *$9.76* that the special training allowance paid exceeds the basic monthly allowance.

(b) No payments of a special training allowance shall be made for the same period for which the payment of an educational assistance allowance is made or for any period during which the training is pursued on less than a full-time basis.

(c) Full-time training for the purpose of this section shall be determined by the Administrator with respect to the capacities of the individual trainee.

§ 1743. Special administrative provisions

(a) In carrying out [his] *the Administrator's* responsibilities under this chapter the Administrator may by agreement arrange with public or private educational institutions or others to provide training arrangements as may be suitable and necessary to accomplish the purposes of this subchapter. In any instance where the Administrator finds that a customary tuition charge is not applicable, [he] *the Administrator* may agree on the fair and reasonable amounts which may be charged the parent or guardian for the training provided to an eligible person.

(b) The Administrator shall make such rules and regulations as [he] *the Administrator* may deem necessary in order to promote good conduct on the part of the persons who are following courses of special restorative training and otherwise to carry out the purposes of this chapter.

Subchapter VI—Miscellaneous Provisions

§ 1761. Authority and duties of Administrator

(a) The Administrator may provide the educational and vocational counseling required under section 1720 of this title, and may provide or require additional counseling if [he] *the Administrator* deems it to be necessary to accomplish the purposes of this chapter.

(b) Where any provision of this chapter authorizes or requires any function, power, or duty to be exercised by a State, or by any officer or agency thereof, such function, power, or duty shall, with respect to the Republic of the Philippines, be exercised by the Administrator.

* * * * * * *

§ 1763. Notification of eligibility

The Administrator shall notify the parent or guardian of each eligible person defined in section 1701(a)(1)(A) of this chapter of the educational assistance available to such person under this chapter. Such notification shall be provided not later than the month in which such eligible person attains [his] *such person's* thirtieth birthday or as soon thereafter as feasible.

Subchapter VII—Philippine Commonwealth Army and Philippine Scouts

* * * * * * *

CHAPTER 36—ADMINISTRATION OF EDUCATIONAL BENEFITS

* * * * * * *

SUBCHAPTER II—MISCELLANEOUS PROVISIONS

1780. Payment of educational or subsistence assistance allowances.
1781. Limitations on educational assistance.
1782. Control by agencies of the United States.
1783. Conflicting interests.
1784. Reports by institutions; reporting fee.
1785. Overpayments to eligible persons or veterans.
1786. Correspondence courses.
1787. Apprenticeship or other on-job training.
1788. Measurement of courses.
1789. Period of operation for approval.
1790. Overcharges by educational institutions; discontinuance of allowances; examination of records; false or misleading statements.
1791. Change of program.
1792. Advisory committee.
1793. [Institutions listed by Attorney General] *Compliance surveys.*
1794. Use of other Federal agencies.
[1795. Limitation on period of assistance under two or more programs.]
1796. Limitation on certain advertising, sales, and enrollment practices.

* * * * * * *

Subchapter I—State Approving Agencies

* * * * * * *

§ 1771. Designation

(a) Unless otherwise established by the law of the State concerned, the chief executive of each State is requested to create or designate a State department or agency, as the "State approving agency" for [his] *such* State for the purposes of this chapter and chapters 34 and 35 of this title.

(b)(1) If any State fails or declines to create or designate a State approving agency, the provisions of this chapter which refer to the State approving agency shall, with respect to such State, be deemed to refer to the Administrator.

(2) In the case of courses subject to approval by the Administrator under section 1772 of this title, the provisions of this chapter which refer to a State approving agency shall be deemed to refer to the Administrator.

* * * * * * *

§ 1774. Reimbursement of expenses

(a) The Administrator is authorized to enter into contracts or agreements with State and local agencies to pay such State and local agencies for reasonable and necessary expenses of salary and travel incurred by employees of such agencies and an allowance for administrative expenses in accordance with the formula contained in subsection (b) of this section in (1) rendering necessary services in ascertaining the qualifications of educational institutions for furnishing courses of education to eligible persons or veterans under this chapter and chapters 34 and 35, and in the supervision of such educational institutions, and (2) furnishing, at the request of the Administrator, any other services in connection with chapters 34 and 35. Each such contract or agreement shall be conditioned upon compliance with the standards and provisions of chapters 34 and 35. *The Administrator may also reimburse such agencies for work performed by their subcontractors where such work has a direct relationship to the requirements of chapter 32, 34, 35, or 36 of this title, and has had the prior approval of the Administrator.*

(b) The allowance for administrative expenses incurred pursuant to subsection (a) of this section shall be paid in accordance with the following formula:

Total salary cost reimbursable under this section	*Allowance for administrative expense*
$5,000 or less	[$550] *$600.*
Over $5,000 but not exceeding $10,000	[$1,000] *$1,080.*
Over $10,000 but not exceeding $35,000	[$1,000] *$1,080* for the first $10,000 plus [$925] *$1,000* for each additional $5,000 or fraction thereof.
Over $35,000 but not exceeding $40,000	[$6,050] *$6,535.*
Over $40,000 but not exceeding $75,000	[$6,050] *$6,535* for the first $40,000 plus [$800] *$865* for each additional $5,000 or fraction thereof.
Over $75,000 but not exceeding $80,000	[$12,000] *$12,960.*
Over $80,000	[$12,000] *$12,960* for the first $80,000 plus [$700] *$755* for each additional $5,000 or fraction thereof.

§ 1775. Approval of accredited courses

(a) A State approving agency may approve the courses offered by an educational institution when—

(1) such courses have been accredited and approved by a nationally recognized accrediting agency or association;

(2) such courses are conducted under sections 11–28 of title 20; or

(3) such courses are accepted by the State department of education for credit for a teacher's certificate or a teacher's degree.

For the purposes of this chapter the Commissioner of Education shall publish a list of nationally recognized accrediting agencies and associations which [he] *the Commissioner* determines to be reliable authority as to the quality of training offered by an educational institution and the State approving agencies may, upon concurrence, utilize the accreditation of such accrediting associations or agencies for approval of the courses specifically accredited and approved by such accrediting association or agency. In making application for approval, the institution shall transmit to the State approving agency copies of its catalog or bulletin [.] *which must be certified as true and correct in content and policy by an authorized representative of the school. The catalog or bulletin must specifically state its progress requirements for graduation and must include as a minimum the information required by sections 1776(b) (6) and (7) of this title.*

(b) As a condition to approval under this section, the State approving agency must find that adequate records are kept by the educational institution to show the progress of each eligible person or veteran *and must include as a minimum (except for attendance) the requirements set forth in section 1776(c)(7) of this title.* The State approving agency must also find that the educational institution maintains a written record of the previous education and training of the eligible person or veteran and clearly indicates that appropriate credit has been given by the institution for previous education and training, with the training period shortened proportionately and the eligible person or veteran and the Administrator so notified.

* * * * * * *

§ 1777. Approval of training on the job

(a) Any State approving agency may approve a program of training on the job (other than a program of apprenticeship) only when it finds that the job which is the objective of the training is one in which progression and appointment to the next higher classification are based upon skills learned through organized and supervised training on the job and not on such factors as length of service and normal turnover, and that the provisions of subsections (b) and (c) of this section are met.

(b) The training establishment offering training which is desired to be approved for the purposes of this chapter must submit to the appropriate State approving agency a written application for approval which, in addition to furnishing such information as is required by the State approving agency, contains a certification that—

(1) the wages to be paid the eligible veteran or person (A) upon entrance into training, are not less than wages paid nonveterans in the same training position and are at least 50 per centum of the wages paid for the job for which [he] *the veteran or person* is to be trained, and (B) such wages will be increased in regular periodic increments until, not later than the last full month of the training period, they will be at least 85 per centum of the wages paid for the job for which such eligible veteran or person is being trained; and

(2) there is reasonable certainty that the job for which the eligible veteran or person is to be trained will be available to [him] *the veteran or person* at the end of the training period.

(c) As a condition for approving a program of training on the job (other than a program of apprenticeship) the State approving agency must find upon investigation that the following criteria are met:

(1) The training content of the course is adequate to qualify the eligible veteran or person for appointment to the job for which [he] *the veteran or person* is to be trained.

(2) The job customarily requires full-time training for a period of not less than six months and not more than two years.

(3) The length of the training period is not longer than that customarily required by the training establishments in the community to provide an eligible veteran or person with the required skills, arrange for the acquiring of job knowledge, technical information, and other facts which the eligible veteran or person will

need to learn in order to become competent on the job for which **[he]** *the veteran or person* is being trained.

(4) Provision is made for related instruction for the individual eligible veteran or person who may need it.

(5) There is in the training establishment adequate space, equipment, instructional material, and instructor personnel to provide satisfactory training on the job.

(6) Adequate records are kept to show the progress made by each eligible veteran or person toward **[his]** *such veteran's or person's* job objective.

(7) No course of training will be considered bona fide if given to an eligible veteran or person who is already qualified by training and experience for the job.

(8) A signed copy of the training agreement for each eligible veteran or person, including the training program and wage scale as approved by the State approving agency, is provided to the veteran or person and to the Administrator and the State approving agency by the employer.

(9) That the course meets such other criteria as may be established by the State approving agency.

* * * * * * *

§ 1779. Disapproval of courses

(a) Any course approved for the purposes of this chapter which fails to meet any of the requirements of this chapter shall be immediately disapproved by the appropriate State approving agency. An educational institution which has its courses disapproved by a State approving agency will be notified of such disapproval by a certified or registered letter of notification and a return receipt secured.

(b) Each State approving agency shall notify the Administrator of each course which it has disapproved under this section. The Administrator shall notify the State approving agency of **[his]** *the Administrator's* disapproval of any educational institution under chapter 31 of this title.

§ 1780. Payment of educational assistance or subsistence allowances

Period for Which Payment May Be Made

(a) Payment of educational assistance or subsistence allowances to eligible veterans or eligible persons pursuing a program of education or training, other than a program by correspondence or a program of flight training, in an educational institution under chapter 31, 34, or 35 of this title shall be paid as provided in this section and, as applicable, in section 1504, 1682, 1691, or 1732 of this title. Such payments shall be paid only for the period of such veterans' or persons' enrollment, but no amount shall be paid—

(1) to any eligible veteran or eligible person enrolled in a course which leads to a standard college degree for any period when such veteran or person is not pursuing **[his]** *such veteran's or person's* course in accordance with the regularly established policies and regulations of the educational institution and the

requirements of this chapter or of chapter 34 or 35 of this title; **[**or**]**

(2) to any eligible veteran or eligible person enrolled in a course which does not lead to a standard college degree (excluding programs of apprenticeship and programs of other on-job training authorized by section 1787 of this title) for any day of absence in excess of thirty days in a twelve-month period, not counting as absences weekends or legal holidays (or customary vacation periods connected therewith) established by Federal or State law (or in the case of the Republic of the Philippines, Philippine law) during which the institution is not regularly in session**[**.**]***;*

(3) to any eligible veteran or person for auditing a course;

(4) to any eligible veteran or person for a course for which the grade assigned is not used in computing the requirements for graduation including a course from which the student withdraws unless the Administrator finds there are mitigating circumstances; or

(5) to any eligible veteran or person for pursuit of a program of education exclusively by correspondence as authorized under section 1786 of this title or for the pursuit of a correspondence portion of a combination correspondence-residence course leading to a vocational objective where the normal period of time required to complete such correspondence course or portion is less than 6 months. A certification as to the normal period of time required to complete the course must be made to the Administrator by the educational institution.

[Notwithstanding the foregoing, the Administrator may, subject to such regulations as he shall prescribe, continue to pay allowances to eligible veterans and eligible persons enrolled in courses set forth in clause (1) or (2) of this subsection during periods when the schools are temporarily closed under an established policy based upon an Executive order of the President or due to an emergency situation, and such periods shall not be counted as absences for the purposes of clause (2).**]**

Notwithstanding the foregoing, the Administrator may, subject to such regulations as the Administrator shall prescribe, continue to pay allowances to eligible veterans and eligible persons enrolled in courses set forth in clause (1) or (2) of this subsection—

(A) during periods when the schools are temporarily closed under an established policy based upon an Executive order of the President or due to an emergency situation, and such periods shall not be counted as absences for the purposes of clause (2);

(B) during periods between consecutive school terms where such veterans or persons transfer from one approved educational institution to another approved educational institution for the purpose of enrolling in and pursuing a similar course at the second institution if the period between such consecutive terms does not exceed 30 days, but such periods shall be counted as absences for the purposes of clause (2); or

(C) during periods between a semester, term, or quarter where the educational institution certifies the enrollment of the eligible veteran or eligible person on an individual semester, term, or

quarter basis if the interval between such periods does not exceed 1 full calendar month, but such periods shall be counted as absences for the purposes of clause (2).

Correspondence Training Certifications

(b) No educational assistance allowance shall be paid to an eligible veteran or **[**wife or widow**]** *spouse or surviving spouse* enrolled in and pursuing a program of education exclusively by correspondence until the Administrator shall have received—

(1) from the eligible veteran or **[**wife or widow**]** *spouse or surviving spouse* a certificate as to the number of lessons actually completed by the veteran or **[**wife or widow**]** *spouse or surviving spouse* and serviced by the educational institution; and

(2) from the training establishment a certification or an endorsement on the veteran's or **[**wife's or widow's**]** *spouse's or surviving spouse's* certificate, as to the number of lessons completed by the veteran or **[**wife or widow**]** *spouse or surviving spouse* and serviced by the institution.

Apprenticeship and Other On-Job Training

(c) No training assistance allowance shall be paid to an eligible veteran or eligible person enrolled in and pursuing a program of apprenticeship or other on-job training until the Administrator shall have received—

(1) from such veteran or person a certification as to **[**his**]** *such veteran's or person's* actual attendance during such period; and

(2) from the training establishment a certification, or an endorsement on the veteran's or person's certificate, that such veteran or person was enrolled in and pursuing a program of apprenticeship or other on-job training during such period.

Advance Payment of Initial Educational Assistance or Subsistence Allowance

(d)(1) The educational assistance or subsistence allowance advance payment provided for in this subsection is based upon a finding by the Congress that eligible veterans and eligible persons need additional funds at the beginning of a school term to meet the expenses of books, travel, deposits, and payment for living quarters, the initial installment of tuition, and the other special expenses which are concentrated at the beginning of a school term.

(2) **[**Subject**]** *Notwithstanding any other provision of law, but subject* to the provisions of this subsection, and under regulations which the Administrator shall prescribe, an eligible veteran or eligible person shall be paid an educational assistance allowance or subsistence allowance, as appropriate, advance payment. Such advance payment shall be made in an amount equivalent to the allowance for the month or fraction thereof in which pursuit of the program will commence, plus the allowance for the succeeding month. In the case of a serviceman on active duty, who is pursuing a program of education (other than under subchapter VI of chapter 34), the advance

payment shall be in a lump sum based upon the amount payable for the entire quarter, semester, or term as applicable. In no event shall an advance payment be made under this subsection to a veteran or person intending to pursue a program of education on less than a half-time basis. The application for advance payment, to be made on a form prescribed by the Administrator, shall—

(A) in the case of an initial enrollment of a veteran or person in an educational institution, contain information showing that the veteran or person (i) is eligible for educational benefits, (ii) has been accepted by the institution, and (iii) has notified the institution of his intention to attend that institution; and

(B) in the case of a re-enrollment of a veteran or person, contain information showing that the veteran or person (i) is eligible to continue [his] *such veteran's or person's* program of education or training and (ii) intends to re-enroll in the same institution,

and, in either case, shall also state the number of semester or clock-hours to be pursued by such veteran or person.

(3) Subject to the provisions of this subsection, and under regulations which the Administrator shall prescribe, a person eligible for education or training under the provisions of subchapter VI of chapter 34 of this title shall be entitled to a lump-sum educational assistance allowance advance payment. Such advance payment shall in no event be made earlier than thirty days prior to the date on which pursuit of the person's program of education or training is to commence. The application for the advance payment, to be made on a form prescribed by the Administrator, shall, in addition to the information prescribed in paragraph (2)(A), specify—

(A) that the program to be pursued has been approved;

(B) the anticipated cost and the number of Carnegie, clock, or semester hours to be pursued; and

(C) where the program to be pursued is other than a high school credit course, the need of the person to pursue the course or courses to be taken.

(4) For purposes of the Administrator's determination whether any veteran or person is eligible for an advance payment under this section, the information submitted by the institution, the veteran or person, shall establish [his] *such veteran's or person's* eligibility unless there is evidence in [his] *such veteran's or person's* file in the processing office establishing that [he] *the veteran or person* is not eligible for such advance payment.

(5) The advance payment authorized by paragraphs (2) and (3) of this subsection shall, in the case of an eligible veteran or eligible person, be (A) drawn in favor of the veteran or person; (B) mailed to the educational institution listed on the application form for temporary care and delivery to the veteran or person by such institution; and (C) delivered to the veteran or person upon [his] *such veteran's or person's* registration at such institution, but in no event shall such delivery be made earlier than thirty days before the program of education is to commence.

(6) Upon delivery of the advance payment pursuant to paragraph (5) of this subsection, the institution shall submit to the Administrator a certification of such delivery. If such delivery is not

effected within thirty days after commencement of the program of education in question, such institution shall return such payment to the Administrator forthwith.

Prepayment of Subsequent Educational Assistance or Subsistence Allowance

(e) [Except] *Notwithstanding any other provision of law, and except* as provided in subsection (g) of this section, subsequent payments of educational assistance or subsistence allowance to an eligible veteran or eligible person shall be prepaid each month, subject to such reports and proof of enrollment in and satisfactory pursuit of such programs as the Administrator may require. The Administrator may withhold the final payment for a period of enrollment until such proof is received and the amount of the final payment appropriately adjusted.

Recovery of Erroneous Payments

(f) If an eligible veteran or eligible person fails to enroll in or pursue a course for which an educational assistance or subsistence allowance advance payment is made, the amount of such payment and any amount of subsequent payments which, in whole or in part, are due to erroneous information required to be furnished under subsection (d) (2) and (3) of this section, shall become an overpayment and shall constitute a liability of such veteran or person to the United States and may be recovered, unless waived pursuant to section 3102 of this title, from any benefit otherwise due [him] *such veteran or person* under any law administered by the Veterans' Administration or may be recovered in the same manner as any other debt due the United States.

Payments for Less Than Half-Time Training

(g) Payment of educational assistance allowance in the case of any eligible veteran or eligible person pursuing a program of education on less than a half-time basis (except as provided by subsection (d)(3) of this section) shall be made in an amount computed for the entire quarter, semester, or term during the month immediately following the month in which certification is received from the educational institution that such veteran or person has enrolled in and is pursuing a program at such institution. Such lump sum payment shall be computed at the rate provided in section 1682(b) or 1732(a)(2) of this title, as applicable.

Determination of Enrollment, Pursuit, and Attendance

(h) The Administrator may, pursuant to regulations which [he] *the Administrator* shall prescribe, determine enrollment in, pursuit of, and attendance at, any program of education or training or course by an eligible veteran or eligible person for any period for which [he] *the veteran or person* receives an educational assistance or subsistence allowance under this chapter for pursuing such program or course.

Subchapter II—Miscellaneous Provisions

§ 1781. Limitations on educational assistance

No educational assistance allowance granted under chapter 34, 35, or 36 of this title shall be paid to any eligible person (1) who is on active duty and is pursuing a course of education which is being paid for by the Armed Forces (or by the Department of Health, Education, and Welfare in the case of the Public Health Service); or (2) who is attending a course of education or training paid for under the Government Employees' Training Act and whose full salary is being paid to [him] *such person* while so training.

* * * * * * *

§ 1783. Conflicting interests

(a) Every officer or employee of the Veterans' Administration who has, while such an officer or employee, owned any interest in, or received any wages, salary, dividends, profits, gratuities, or services from, any educational institution operated for profit in which an eligible person or veteran was pursuing a program of education or course under this chapter or chapter 34 or 35 shall be immediately dismissed from [his] *such officer's or employee's* office or employment.

(b) If the Administrator finds that any person who is an officer or employee of a State approving agency has, while [he] *such person* was such an officer or employee, owned any interest in, or received any wages, salary, dividends, profits, gratuities, or services from, an educational institution operated for profit in which an eligible person or veteran was pursuing a program of education or course under this chapter or chapter 34 or 35 of this title, [he] *the Administrator* shall discontinue making payments under section 1774 of this title to such State approving agency unless such agency shall, without delay, take such steps as may be necessary to terminate the employment of such person and such payments shall not be resumed while such person is an officer or employee of the State approving agency, or State department of veterans' affairs or State department of education.

(c) A State approving agency shall not approve any course offered by an educational institution operated for profit, and, if any such course has been approved, shall disapprove each such course, if it finds that any officer or employee of the Veterans' Administration or the State approving agency owns an interest in, or receives any wages, salary, dividends, profits, gratuities, or services from, such institution.

(d) The Administrator may, after reasonable notice and public hearings, waive in writing the application of this section in the case of any officer or employee of the Veterans' Administration or of a State approving agency, if [he] *the Administrator* finds that no detriment will result to the United States or to eligible persons or veterans by reasons of such interest or connection of such officer or employee.

§ 1784. Reports by institutions; reporting fee

(a) Educational institutions shall, without delay, report to the Administrator in the form prescribed by [him] *the Administrator*, the enrollment, interruption, and termination of the education of each eligible person or veteran enrolled therein under chapter 34, 35, or 36. *The date of interruption or termination will be the last date of pursuit or, in the case of correspondence training, the last date a lesson was serviced by the school.*

(b) The Administrator may pay to any educational institution, or to any joint apprenticeship training committee acting as a training establishment, furnishing education or training under either this chapter or chapter 34 or 35 of this title, a reporting fee which will be in lieu of any other compensation or reimbursement for reports or certifications which such educational institution or joint apprenticeship training committee is required to submit to [him] *the Administrator* by law or regulation. Such reporting fee shall be computed for each calendar year by multiplying [$3] *$5* by the number of eligible veterans or eligible persons enrolled under this chapter or chapter 34 or 35 of this title, or [$4] *$6* in the case of those eligible veterans and eligible persons whose educational assistance checks are directed in care of each institution for temporary custody and delivery and are delivered at the time of registration as provided under section 1780(d)(5) of this title, on October 31 of that year; except that the Administrator may, where it is established by such educational institution or joint apprenticeship training committee that eligible veteran plus eligible person enrollment on such date varies more than 15 per centum from the peak eligible veteran enrollment plus eligible person enrollment in such educational institution or joint apprenticeship training committee during such calendar year, establish such other date as representative of the peak enrollment as may be justified for such educational institution or joint apprenticeship training committee. The reporting fee shall be paid to such educational institution or joint apprenticeship training committee as soon as feasible after the end of the calendar year for which it is applicable.

* * * * * * *

§ 1786. Correspondence courses

(a)(1) Each eligible veteran (as defined in section 1652(a)(1) and (2) of this title) and each eligible [wife or widow] *spouse or surviving spouse* (as defined in section 1701(a)(1)(B), (C), or (D) of this title) who enters into an enrollment agreement to pursue a program of education exclusively by correspondence shall be paid an educational assistance allowance computed at the rate of 90 per centum of the established charge which the institution requires nonveterans to pay for the course or courses pursued by the eligible veteran or [wife or widow] *spouse or surviving spouse*. The term "established charge" as used herein means the charge for the course or courses determined on the basis of the lowest extended time payment plan offered by the institution and approved by the appropriate State approving agency or the actual cost to the veteran or [wife or widow] *spouse or surviving spouse*, whichever is the lesser. Such allowance shall be paid quarterly on a pro rata basis for the lessons completed by the veteran or [wife or widow] *spouse or surviving spouse*, and serviced by the institution.

(2) The period of entitlement of any veteran or [wife or widow] *spouse or surviving spouse*, who is pursuing any program of education exclusively by correspondence shall be charged with one month for each [$270] *$292* which is paid to the veteran or [wife or widow] *spouse or surviving spouse* as an educational assistance allowance for such course.

(b) The enrollment agreement shall fully disclose the obligation of both the institution and the veteran or [wife or widow] *spouse or* *surviving spouse* and shall prominently display the provisions for affirmance, termination, refunds, and the conditions under which payment of the allowance is made by the Administrator to the veteran or [wife or widow] *spouse or surviving spouse*. A copy of the enrollment agreement shall be furnished to each such veteran or [wife or widow] *spouse or surviving spouse* at the time such veteran or [wife or widow] *spouse or surviving spouse* signs such agreement. No such agreement shall be effective unless such veteran or [wife or widow] *spouse or surviving spouse* shall, after the expiration of ten days after the enrollment agreement is signed, have signed and submitted to the Administrator a written statement, with a signed copy to the institution, specifically affirming the enrollment agreement. In the event the veteran or [wife or widow] *spouse or surviving spouse* at any time notifies the institution of [his] *such veteran's or spouse's* intention not to affirm the agreement in accordance with the preceding sentence, the institution, without imposing any penalty or charging any fee shall promptly make a full refund of all amounts paid.

(c) In the event a veteran or [wife or widow] *spouse or surviving spouse* elects to terminate [his] *such veteran's or spouse's* enrollment under an affirmed enrollment agreement, the institution (other than one subject to the provisions of section 1776 of this title) may charge the veteran or [wife or widow] *spouse or surviving spouse* a registration or similar fee not in excess of 10 per centum of the tuition for the course, or $50, whichever is less. Where the veteran or [wife or widow] *spouse or surviving spouse* elects to terminate the agreement after completion of one or more but less than 25 per centum of the total number of lessons comprising the course, the institution may retain such registration or similar fee plus 25 per centum of the tuition for the course. Where the veteran or [wife or widow] *spouse or surviving spouse* elects to terminate the agreement after completion of 25 per centum but less than 50 per centum of the lessons comprising the course, the institution may retain the full registration or similar fee plus 50 per centum of the course tuition. If 50 per centum or more of the lessons are completed, no refund of tuition is required.

§ 1787. Apprenticeship or other on-job training

(a) An eligible veteran (as defined in section 1652(a)(1) of this title) or an eligible person (as defined in section 1701(a) of this title) shall be paid a training assistance allowance as prescribed by subsection (b) of this section while pursuing a full-time—

(1) program of apprenticeship approved by a State approving agency as meeting the standards of apprenticeship published by the Secretary of Labor pursuant to section 50a of title 29, or

(2) program of other on-job training approved under provisions of section 1777 of this title,

subject to the conditions and limitations of chapters 34 and 35 with respect to educational assistance.

(b)(1) The monthly training assistance allowance of an eligible veteran pursuing a program described under subsection (a) shall be as follows:

[

Column I	Column II	Column III	Column IV	ColumnV
Periods of training	No dependents	One dependent	Two dependents	More than two dependents
				The amount in column IV, plus the following for each dependent in excess of two :
First 6 months	$196	$220	$240	$10
Second 6 months	147	171	191	10
Third 6 months	98	122	142	10
Fourth and any succeeding 6-month periods	49	73	93	10

]

Column I	*Column II*	*Column III*	*Column IV*	*Column V*
Periods of training	*No dependents*	*One dependent*	*Two dependents*	*More than tw dependent*
				The amount in column IV, plus the following for each dependent in excess of two:
First 6 months	*$212*	*$238*	*$260*	*$11*
Second 6 months	*159*	*185*	*207*	*11*
Third 6 months	*106*	*132*	*154*	*11*
Fourth and any succeeding 6-month periods	*53*	*79*	*101*	*11*

(2) The monthly training assistance allowance of an eligible person pursuing a program described under subsection (a) shall be computed at the rate prescribed in paragraph (1) of this subsection for an eligible veteran with no dependents pursuing such a course.

(3) In any month in which an eligible veteran or person pursuing a program of apprenticeship or a program of other on-job training fails to complete one hundred and twenty hours of training in such month, the monthly training assistance allowance set forth in subsection (b) (1) or (2) of this section, as applicable, shall be reduced proportionately in the proportion that the number of hours worked bears to one hundred and twenty hours rounded off to the nearest eight hours.

(c) For the purpose of this chapter, the terms "program of apprenticeship" and "program of other on-job training" shall have the same meaning as "program of education"; and the term "training assistance allowance" shall have the same meaning as "educational assistance allowance" as set forth in chapters 34 and 35 of this title.

§ 1788. Measurement of courses

(a) For the purposes of this chapter and chapters 34 and 35 of this title—

(1) an institutional trade or technical course offered on a clock-hour basis, not leading to a standard college degree, involving shop practice as an integral part thereof, shall be considered a full-time course when a minimum of thirty hours per week of attendance is required with no more than two and one-half hours of rest periods per week allowed**[;]**, *but if such course is approved*

pursuant to section 1775 of this title, then 22 hours per week of attendance, with no more than $2\frac{1}{2}$ hours of rest period per week allowed and excluding supervised study, shall be considered full time;

(2) an institutional course offered on a clock-hour basis, not leading to a standard college degree, in which theoretical or classroom instruction predominates shall be considered a full-time course when a minimum of twenty-five hours per week net of instruction (which may include customary intervals not to exceed ten minutes between hours of instruction) is required**[**;**]**, *but if such course is approved pursuant to section 1775 of this title, then 18 hours per week net of instruction (excluding supervised study), which may include customary intervals not to exceed ten minutes between hours of instruction, shall be considered full time;*

(3) an academic high school course requiring sixteen units for a full course shall be considered a full-time course when (A) a minimum of four units per year is required or (B) an individual is pursuing a program of education leading to an accredited high school diploma at a rate which, if continued, would result in receipt of such a diploma in four ordinary school years. For the purpose of subclause (A) of this clause, a unit is defined to be not less than one hundred and twenty sixty-minute hours or their equivalent of study in any subject in one academic year;

(4) an institutional undergraduate course offered by a college or university on a quarter- or semester-hour basis shall be considered a full-time course when a minimum of fourteen semester hours or the equivalent thereof (including such hours for which no credit is granted but which are required to be taken to correct an educational deficiency and which the educational institution considers to be quarter or semester hours for other administrative purposes), for which credit is granted toward a standard college degree, is required, except that where such college or university certifies, upon the request of the Administrator, that (A) full-time tuition is charged to all undergraduate students carrying a minimum of less than fourteen such semester hours or the equivalent thereof, or (B) all undergraduate students carrying a minimum of less than fourteen such semester hours or the equivalent thereof, are considered to be pursuing a full-time course for other administrative purposes, then such an institutional undergraduate course offered by such college or university with such minimum number of such semester hours shall be considered a full-time course, but in the event such minimum number of semester hours is less than twelve semester hours or the equivalent thereof, then twelve semester hours or the equivalent thereof shall be considered a full-time course;

(5) a program of apprenticeship or a program of other on-job training shall be considered a full-time program when the eligible veteran or person is required to work the number of hours constituting the standard workweek of the training establishment, but a workweek of less than thirty hours shall not be considered to constitute full-time training unless a lesser number of hours

has been established as the standard workweek for the particular establishment through bona fide collective bargaining; and

(6) an institutional course offered as part of a program of education not leading to a standard college degree under section 1691(a)(2) or 1696(a)(2) of this title shall be considered a full-time course on the basis of measurement criteria provided in clause (2), (3), or (4) as determined by the educational institution.

Notwithstanding the provisions of clause (1) or (2) of this subsection, an educational institution offering courses not leading to a standard college degree may measure such courses on a quarter- or semester-hour basis (with full time measured on the same basis as provided by clause (4) of this subsection); but (A) the academic portions of such courses must require outside preparation and be measured on not less than one quarter or one semester hour for each fifty minutes net of instruction per week or quarter or semester; (B) the laboratory portions of such courses must be measured on not less than one quarter or one semester hour for each two hours of attendance per week per quarter or semester; and (C) the shop portions of such courses must be measured on not less than one quarter or one semester hour for each three hours of attendance per week per quarter or semester. In no event shall such course be considered a full-time course when less than twenty-two hours per week of attendance is required.

(b) The Administrator shall define part-time training in the case of the types of courses referred to in subsection (a), and shall define full-time and part-time training in the case of all other types of courses pursued under this chapter or chapter 34 or 35 of this title.

§ 1789. Period of operation for approval

(a) The Administrator shall not approve the enrollment of an eligible veteran or eligible person in any course offered by an educational institution when such course has been in operation for less than two years.

(b) Subsection (a) shall not apply to—

(1) any course to be pursued in a public or other tax-supported educational institution;

(2) any course which is offered by an educational institution which has been in operation for more than two years, if such course is similar in character to the instruction previously given by such institution;

(3) any course which has been offered by an institution for a period of more than two years, notwithstanding the institution has moved to another location within the same general locality, or has made a complete move with substantially the same faculty, curricula, and students, without change in ownership;

(4) any course which is offered by a nonprofit educational institution of college level and which is recognized for credit toward a standard college degree; or

(5) any course offered by a proprietary nonprofit educational institution which qualifies to carry out an approved program of education under the provisions of subchapter V or VI of chapter 34 of this title (including those courses offered at other than the institution's principal location) if the institution offering such course has been in operation for more than two years.

(c) *Notwithstanding the provisions of subsection (b) (1), (2), (3), or (4) of this section, the provisions of subsection (a) shall apply to any course offered by a branch or extension of—*

(1) a public or other tax-supported institution where the branch or extension is located outside of the area of the taxing jurisdiction providing support to such institution; or

(2) a proprietary profit or proprietary nonprofit educational institution where the branch or extension is located beyond the normal commuting distance of such institution.

§ 1790. Overcharges by educational institutions: discontinuance of allowances; examination of records; false or misleading statements

Overcharges by Educational Institutions

(a) If the Administrator finds that an educational institution has—

(1) charged or received from any eligible veteran or eligible person pursuing a program of education under this chapter or chapter 34 or 35 of this title any amount for any course in excess of the charges for tuition and fees which such institution requires similarly circumstanced nonveterans not receiving assistance under such chapters who are enrolled in the same course to pay, or

(2) instituted, after the effective date of section 1780 of this title, a policy or practice with respect to the payment of tuition, fees, or other charges in the case of eligible veterans and the Administrator finds that the effect of such policy or practice substantially denies to veterans the benefits of the advance and prepayment allowances under such section,

[he] *the Administrator* may disapprove such educational institution for the enrollment of any eligible veteran or eligible person not already enrolled therein under this chapter or chapter 31, 34, or 35, of this title.

Discontinuance of Allowances

(b) The Administrator may discontinue the educational assistance allowance of any eligible veteran or eligible person if [he] *the Administrator* finds that the program of education or any course in which the veteran or person is enrolled fails to meet any of the requirements of this chapter or chapter 34 or 35 of this title, or if [he] *the Administrator* finds that the educational institution offering such program or course has violated any provision of this chapter or chapter 34 or 35, or fails to meet any of the requirements of such chapters.

Examination of Records

(c) [The] *Notwithstanding any other provision of law, the* records and accounts of educational institutions pertaining to eligible veterans or eligible persons who received educational assistance under this chapter or chapter 31, *32*, 34, or 35 of this title, *as well as the recrods of other students which the Administrator determines necessary to ascertain institutional compliance wtih the requirements of such chapters,* shall be available for examination by duly authorized representatives of the Government.

False or Misleading Statements

(d) Whenever the Administrator finds that an educational institution has willfully submitted a false or misleading claim, or that a veteran or person, with the complicity of an educational institution, has submitted such a claim, [he] *the Administrator* shall make a complete report of the facts of the case to the appropriate State approving agency and, where deemed advisable, to the Attorney General of the United States for appropriate action.

§ 1791. Change of program

(a) Except as provided in subsections (b) and (c) of this section, each eligible veteran and eligible person may make not more than one change of program of education, but an eligible veteran or eligible person whose program has been interrupted or discontinued due to [his] *the veteran's or person's* own misconduct, [his] *the veteran's or person's* own neglect, or [his] *the veteran's or person's* own lack of application shall not be entitled to any such change.

(b) The Administrator may approve one additional change (or an initial change in the case of a veteran or person not eligible to make a change under subsection (a)) in program if [he] *the Administrator* finds that—

(1) the program of education which the eligible veteran or eligible person proposes to pursue is suitable to [his] *the veteran's or person's* aptitudes, interests, and abilities; and

(2) in any instance where the eligible veteran or eligible person has interrupted, or failed to progress in, [his] *the veteran's or person's* program due to [his] *the veteran's or person's* own misconduct, [his] *the veteran's or person's* own neglect, or [his] *the veteran's or person's* own lack of application, there exists a reasonable likelihood with respect to the program which the eligible veteran or eligible person proposes to pursue that there will not be a recurrence of such an interruption or failure to progress.

(c) The Administrator may also approve additional changes in program if [he] *the Administrator* finds such changes are necessitated by circumstances beyond the control of the eligible veteran or eligible person.

(d) As used in this section the term "change of program of education" shall not be deemed to include a change from the pursuit of one program to pursuit of another where the first program is prerequisite to, or generally required for, entrance into pursuit of the second.

§ 1792. Advisory committee

There shall be an advisory committee formed by the Administrator which shall be composed of persons who are eminent in their respective fields of education, labor, and management, and of representatives of the various types of institutions and establishments furnishing vocational rehabilitation under chapter 31 of this title or education to eligible persons or veterans enrolled under chapter 34 or 35 of this title. The Committee shall also include veterans representative of World War II, the Korean conflict era, the post-Korean conflict era, and the Vietnam era. The Commissioner of Education and the Administrator, Manpower Administration, Department of Labor, shall be ex officio members of the advisory committee. The Administrator shall *on a regular basis* advise and consult with the committee [from time to time] *(which shall meet at least semiannually)* with respect to the administration of this chapter and chapters 31, 34, and 35 of this title, and the committee may make such reports and recommendations as it deems desirable to the Administrator and to the Congress.

[§ 1793. Institutions listed by Attorney General

[The Administrator shall not approve the enrollment of, or payment of an educational assistance allowance to, any eligible veteran or eligible person under this chapter or chapter 34 or 35 of this title in any course in an educational institution while it is listed by the Attorney General under section 12 of Executive Order 10450.]

§ *1793. Compliance surveys*

The Administrator shall conduct an annual compliance survey of each institution offering one or more courses approved for the enrollment of eligible veterans or persons where at least 300 veterans or persons are enrolled under provisions of this title or where the course does not lead to a standard college degree. Such compliance survey shall assure that the institution and approved courses are in compliance with all applicable provisions of chapters 31, 34, 35, and 36 of this title. The Administrator shall assign at least one education compliance specialist to work on compliance surveys in any year for each 40 compliance surveys required to be made under this section.

§ 1794. Use of other Federal agencies

In carrying out [his] *the Administrator's* functions under this chapter or chapter 34 or 35 of this title, the Administrator may utilize the facilities and services of any other Federal department or agency. Any such utilization shall be pursuant to proper agreement with the Federal department or agency concerned; and payment to cover the cost thereof shall be made either in advance or by way of reimbursement, as may be provided in such agreement.

[§ 1795. Limitation on period of assistance under two or more programs

[The aggregate period for which any person may receive assistance under two or more of the laws listed below—

[(1) parts VII or VIII, Veterans Regulation numbered 1(a), as amended;

[(2) title II of the Veterans' Readjustment Assistance Act of 1952;

[(3) the War Orphans' Educational Assistance Act of 1956;

[(4) Chapters 31, 34, 35, and 36 of this title, and the former chapter 33

may not exceed forty-eight months (or the part-time equivalent thereof), but this section shall not be deemed to limit the period for which assistance may be received under chapter 31 alone.]

§ 1796. Limitation on certain advertising, sales, and enrollment practices

(a) The Administrator shall not approve the enrollment of an eligible veteran or eligible person in any course offered by an institution which utilizes advertising, sales, or enrollment practices of any type which are erroneous, deceptive, or misleading either by actual statement, omission, or intimation.

(b) To ensure compliance with this section, any institution offering courses approved for the enrollment of eligible persons or veterans shall maintain a complete record of all advertising, sales, or enrollment materials (and copies thereof) utilized by or on behalf of the institution during the preceding 12-month period. Such record shall be available for inspection by the State approving agency or the Administrator. Such materials shall include but are not limited to any direct mail pieces, brochures, printed literature used by sales persons, films, video tapes, and audio tapes disseminated through broadcast media, material disseminated through print media, tear sheets, leaflets, handbills, fliers, and any sales or recruitment manuals used to instruct sales personnel, agents, or representatives of such institution.

[(b)**]***(c)* The Administrator shall, pursuant to section 1794 of this title, enter into an agreement with the Federal Trade Commission to utilize, where appropriate, its services and facilities, consistent with its available resources, in carrying out investigations and making **[**his**]** *the Administrator's* determinations under subsection (a) of this section. Such agreement shall provide that cases arising under subsection (a) of this section or any similar matters with respect to any of the requirements of this chapter or chapters 34 and 35 of this title shall be referred to the Federal Trade Commission which in its discretion will conduct an investigation and make preliminary findings. The findings and results of any such investigations shall be referred to the Administrator who shall take appropriate action in such cases within ninety days after such referral.

[(c)**]***(d)* Not later than sixty days after the end of each fiscal year, the Administrator shall report to Congress on the nature and disposition of all cases arising under this section.

Subchapter III—Education Loans to Eligible Veterans and Eligible Persons

§ 1798. Eligibility for loans; amount and conditions of loans; interest rate on loans

(a) Each eligible veteran and eligible person shall be entitled to a loan under this subchapter in an amount determined under, and subject to the conditions specified in, subsection (b)(1) of this section if the veteran or person satisfies the requirements set forth in subsection (c) of this section.

(b)(1) Subject to paragraph (3) of this subsection, the amount of the loan to which an eligible veteran or eligible person shall be entitled under this subchapter for any academic year shall be equal to the amount needed by such veteran or person to pursue a program of education at the institution at which **[**he**]** *the veteran or person* is enrolled, as determined under paragraph (2) of this subsection.

(2)(A) The amount needed by a veteran or person to pursue a program of education at an institution for any academic year shall be determined by subtracting (i) the total amount of financial resources (as defined in subparagraph (B) of this paragraph) available to the veteran or person which may be reasonably expected to be expended by such veteran or person for educational purposes in any year from (ii) the actual cost of attendance (as defined in subparagraph (C) of this paragraph) at the institution in which such veteran or person is enrolled.

(B) The term "total amount of financial resources" or any veteran or person for any year means the total of the following:

(i) The annual adjusted effective income of the veteran or person less Federal income tax paid or payable by such veteran or person with respect to such income.

(ii) The amount of cash assets of the veteran or person.

(iii) The amount of financial assistance received by the veteran or person under the provisions of title IV of the Higher Education Act of 1965, as amended.

(iv) Educational assistance received by the veteran or person under this title other than under this subchapter.

(v) Financial assistance received by the veteran or person under any scholarship or grant program other than those specified in clauses (iii) and (iv).

(C) The term "actual cost of attendance" means, subject to such regulations as the Administrator may provide, the actual per-student charges for tuition, fees, room and board (or expenses related to reasonable commuting), books, and an allowance for such other expenses as the Administrator determines by regulation to be reasonably related to attendance at the institution at which the veteran or person is enrolled.

(3) The aggregate of the amounts any veteran or person may borrow under this subchapter may not exceed **[**$270**]** *$292* multiplied by the number of months such veteran or person is entitled to receive educational assistance under section 1661 or subchapter II of chapter 35, respectively, of this title, but not in excess of **[**$600**]** *$2,000* in any one regular academic year.

(c) An eligible veteran or person shall be entitled to a loan under this subchapter if such veteran or person—

(1) is in attendance at an educational institution on at least a half-time basis and (A) is enrolled in a course leading to a standard college degree, or (B) is enrolled in a course, the completion of which requires six months or longer, leading to an identified and predetermined professional or vocational objective;

(2) has sought and is unable to obtain a loan, in the full amount needed by such veteran or person, as determined under subsection (b) of this section, under a student loan program insured pursuant to the provisions of part B of title IV of the Higher Education Act of 1965, as amended, or any successor authority; and

(3) enters into an agreement with the Administrator meeting the requirements of subsection (d) of this section.

No loan shall be made under this subchapter to an eligible veteran or person pursuing a program of correspondence, flight, apprentice or other on-job, or PREP training.

(d) Any agreement between the Administrator and a veteran or person under this subchapter—

(1) shall include a note or other written obligation which provides for repayment to the Administrator of the principal amount

of, and payment of interest on, the loan in installments over a period beginning nine months after the date on which the borrower ceases to be at least a half-time student and ending ten years and nine months after such date;

(2) shall include provision for acceleration of repayment of all or any part of the loan, without penalty, at the option of the borrower;

(3) shall provide that the loan shall bear interest, on the unpaid balance of the loan, at a rate prescribed by the Administrator, [with the concurrence of the Secretary of the Treasury, but at a rate not less than a rate determined by the Secretary, taking into consideration the current average market yield on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the maturity of loans made under this subchapter, except that no interest shall accrue prior to the beginning date of repayment; and] *at the time the loan is contracted for which rate shall be comparable to the rate of interest charged students at such time on loans insured by the Commissioner of Education, Department of Health, Education, and Welfare, under part B of title IV of the Higher Education Act of 1965, but in no event shall the rate so prescribed by the Administrator exceed the rate charged students on such insured loans, and shall provide that no interest shall accrue prior to the beginning date of repayment; and*

(4) shall provide that the loan shall be made without security and without endorsement.

(e)(1) Except as provided in paragraph (2) of this subsection, whenever the Administrator determines that a default has occurred on any loan made under this subchapter, [he] *the Administrator* shall declare an overpayment, and such overpayment shall be recovered from the veteran or person concerned in the same manner as any other debt due the United States.

(2) If a veteran or person who has received a loan under this section dies or becomes permanently and totally disabled, then the Administrator shall discharge the veteran's or person's liability on such loan by repaying the amount owed on such loan.

(3) The Administrator shall submit to the Committees on Veterans' Affairs of the Senate and the House of Representatives, not later than one year after the date of enactment of the Vietnam Era Veterans' Readjustment Assistance Act of 1974 and annually thereafter, a separate report specifying the default experience and default rate at each educational institution along with a comparison of the collective default experience and default rate at all such institutions.

§ 1799. Revolving fund; insurance

(a) There is hereby established in the Treasury of the United States a revolving fund to be known as the "Veterans' Administration Education Loan Fund" (hereinafter in this section referred to as the "Fund").

(b) The Fund shall be available to the Administrator, without fiscal year limitation, for the making of loans under this subchapter.

(c) There shall be deposited in the Fund (1) by transfer from current and future appropriations for readjustment benefits such amounts as may be necessary to establish and supplement the Fund in order to meet the requirements of the Fund, and (2) all collections of fees and principal and interest (including overpayments declared under section 1798(e) of this title) on loans made under this subchapter.

(d) The Administrator shall determine annually whether there has developed in the Fund a surplus which, in **[**his**]** *the Administrator's* judgment, is more than necessary to meet the needs of the Fund, and such surplus, if any, shall be deemed to have been appropriated for readjustment benefits.

(e) A fee shall be collected from each veteran or person obtaining a loan made under this subchapter for the purpose of insuring against defaults on loans made under this subchapter; and no loan shall be made under this subchapter until the fee payable with respect to such loan has been collected and remitted to the Administrator. The amount of the fee shall be established from time to time by the Administrator, but shall in no event exceed 3 per centum of the total loan amount. The amount of the fee may be included in the loan to the veteran or person and paid from the proceeds thereof.

* * * * * * *

CHAPTER 41—JOB COUNSELING, TRAINING, AND PLACEMENT SERVICE FOR VETERANS

Sec.
2001. Definitions.
2002. Purpose.
2002A. Veterans' Employment Service; Assistant Secretary of Labor for Veterans' Employment.
2003. Assignment of veterans' employment representative.
2004. Employees of local offices.
2005. Cooperation of Federal agencies.
2006. Estimate of funds for administration; authorization of appropriations.
2007. Administrative controls; annual report.
2008. Cooperation and coordination with the Veterans' Administration.

* * * * * * *

§ 2002. Purpose

The Congress declares as its intent and purpose that there shall be an effective (1) job and job training counseling service program, (2) employment placement service program, and (3) job training placement service program for eligible veterans and eligible persons and that, to this end policies shall be promulgated and administered *by an Assistant Secretary of Labor for Veterans' Employment* through a Veterans Employment Service within the Department of Labor, so as to provide such veterans and persons the maximum of employment and training opportunities through existing programs, coordination and merger of programs and implementation of new programs.

§ 2002A. Veterans' Employment Service; Assistant Secretary of Labor for Veterans' Employment

There is established within the Department of Labor a separate agency to be known as the Veterans' Employment Service. Such agency shall be headed by an Assistant Secretary of Labor for Veterans' Employment who shall be responsible, subject to the supervision and control of the Secretary of Labor, for carrying out the policies and purposes of this chapter, chapter 42, and chapter 43 of this title and *for policy formulation and administrative implementation for all Department of Labor employment, unemployment, and manpower programs to the extent they affect veterans.*

§ 2003. Assignment of veterans' employment representative

The Secretary of Labor shall assign to each State a representative of the Veterans' Employment Service to serve as the veterans' employment representative, and shall further assign to each State one assistant veterans' employment representative per each 250,000 veterans and eligible persons of the State veterans population, and such additional assistant veterans' employment representatives as [he] *the Secretary* shall determine, based on the data collected pursuant to section 2007 of this title, to be necessary to assist the veterans' employment representative to carry out effectively in that State the purposes of this chapter. Each veterans' employment representative and assistant veterans' employment representative shall be an eligible veteran who at the time of appointment shall have been a bona fide resident of the State for at least two years and who shall be appointed in accordance with the provisions of title 5, United States Code, governing appointments in the competitive service, and shall be paid in accordance with the provisions of chapter 51 of subchapter III of chapter 53 of such title, relating to classification and general schedule pay rates. Each such veterans' employment representative and assistant veterans' employment representative shall be attached to the staff of the public employment service in the State to which they have been assigned. They shall be administratively responsible to the Secretary of Labor for the execution of the Secretary's veterans' and eligible persons' counseling and placement policies through the public employment service and in cooperation with manpower and training programs administered by the Secretary *or by prime sponsors under the Comprehensive Employment and Training Act* in the State. In cooperation with the public employment service staff and the staffs of each such other program in the State, the veterans' employment representative and [his] *such representative's* assistants shall—

(1) be functionally responsible for the supervision of the registration of eligible veterans and eligible persons in local employment offices for suitable types of employment and training and for counseling and placement of eligible veterans and eligible persons in employment and job training programs;

(2) engage in job development and job advancement activities for eligible veterans and eligible persons, including maximum coordination with appropriate officials of the Veteran's Administration in that agency's carrying out of its responsibilities under subchapter IV of chapter 3 of this title and in the conduct of job fairs, job marts, and other special programs to match eligible veterans and eligible persons with appropriate job and job training opportunities;

(3) assist in securing and maintaining current information as to the various types of available employment and training opportunities, including maximum use of electronic data processing and telecommunications systems and the matching of an eligible veteran's or an eligible person's particular qualifications with an

available job or on-job training or apprenticeship opportunity which is commensurate with those qualifications;

(4) promote the interest of employers and labor unions in employing eligible veterans and eligible persons and in conducting on-job training and apprenticeship programs for such veterans and persons;

(5) maintain regular contact with employers, labor unions, training programs and veterans' organizations with a view to keeping them advised of eligible veterans and eligible persons available for employment and training and to keeping eligible veterans and eligible persons advised of opportunities for employment and training; **[**and**]**

(6) promote the participation of veterans in Comprehensive Employment and Training Act programs and monitor the implementation and operation of Comprehensive Employment and Training Act programs to assure that eligible veterans receive special consideration when required; and

[(6)**]** *(7)* assist in every possible way in improving working conditions and the advancement of employment of eligible veterans and eligible persons.

§ 2004. Employees of local offices

Except as may be determined by the Secretary of Labor based on a demonstrated lack of need for such services, there shall be assigned by the administrative head of the employment service in each State one or more employees, preferably eligible veterans *or eligible persons*, on the staffs of local employment service offices, whose services shall be fully devoted to discharging the duties prescribed for the veterans' employment representative and **[**his**]** *such representative's* assistants.

§ 2005. Cooperation of Federal agencies

All Federal agencies shall furnish the Secretary of Labor such records, statistics, or information as **[**he**]** *the Secretary* may deem necessary or appropriate in administering the provisions of this chapter, and shall otherwise cooperate with the Secretary in providing continuous employment and training opportunities for eligible veterans and eligible persons.

§ 2006. Estimate of funds for administration; authorization of appropriations

(a) The Secretary of Labor shall estimate the funds necessary for the proper and efficient administration of this chapter. Such estimated sums shall include the annual amounts necessary for salaries, rents, printing and binding, travel, and communications. Sums thus estimated shall be included as a special item in the annual budget for the Department of Labor. Estimated funds necessary for proper counseling, placement, and training services to eligible veterans and eligible persons provided by the various State public employment service agencies shall *each* be separately identified in the budgets of those agencies as approved by the Department of Labor.

(b) There are authorized to be appropriated such sums as may be necessary for the proper and efficient administration of this chapter.

(c) In the event that the regular appropriations Act making appropriations for administrative expenses for the Department of Labor with respect to any fiscal year does not specify an amount for the purposes specified in subsection (b) of this section for that fiscal year, then of the amounts appropriated in such Act there shall be available only for the purposes specified in subsection (b) of this section such amount as was set forth in the budget estimate submitted pursuant to subsection (a) of this section.

(d) Any funds made available pursuant to subsections (b) and (c) of this section shall not be available for any purpose other than those specified in such subsections, except with the approval of the Secretary of Labor based on a demonstrated lack of need for such funds for such purposes.

§ 2007. Administrative controls; annual report

(a) The Secretary of Labor shall establish administrative controls for the following purposes:

(1) To insure that each eligible veteran, especially those veterans who have been recently discharged or released from active duty, and each eligible person who requests assistance under this chapter shall promptly be placed in a satisfactory job or job training opportunity or receive some other specific form of assistance designed to enhance [his] *such veteran's and eligible person's* employment prospects substantially, such as individual job development or employment counseling services.

(2) To determine whether or not the employment service agencies in each State have committed the necessary staff to insure that the provisions of this chapter are carried out; and to arrange for necessary corrective action where staff resources have been determined by the Secretary of Labor to be inadequate.

(b) The Secretary of Labor shall establish definitive performance standards for determining compliance by the State public employment service agencies with the provisions of this chapter and chapter 42 of this title. A full report as to the extent and reasons for any noncompliance by any such State agency during any fiscal year, together with the agency's plan for corrective action during the succeeding year, shall be included in the annual report of the Secretary of Labor required by subsection (c) of this section.

(c) The Secretary of Labor shall report annually to the Congress on the success of the Department of Labor and its affiliated State employment service agencies in carrying out the provisions of this chapter. The report shall include, by State, the number of recently discharged or released eligible veterans, veterans with service-connected disabilities, other eligible veterans, and eligible persons who requested assistance through the public employment service and, of these, the number placed in suitable employment or job training opportunities or who were otherwise assisted, with separate reference to occupational training *and public service employment* under appropriate Federal law. The report shall also include any determination by the Secretary under section 2001, [or] 2006, *or 2007(a)* of this title and a statement of the reasons for such determination.

§ 2008. Cooperation and coordination with the Veterans' Administration

In carrying out [his] *the Secretary's* responsibilities under this chapter, the Secretary of Labor shall from time to time consult with the Administrator and keep [him] *the Administrator* fully advised of activities carried out and all data gathered pursuant to this chapter to insure maximum cooperation and coordination between the Department of Labor and the Veterans' Administration.

CHAPTER 42—EMPLOYMENT AND TRAINING OF DISABLED AND VIETNAM ERA VETERANS

* * * * * * *

§ 2011. Definitions

As used in this chapter—

(1) The term "disabled veteran" means a person entitled to disability compensation under laws administered by the Veterans' Administration for a disability rated at 30 per centum or more, or a person whose discharge or release from active duty was for a disability incurred or aggravated in line of duty.

(2) The term "veteran of the Vietnam era" means a person (A) who (i) served on active duty for a period of more than 180 days, any part of which occurred during the Vietnam era, and was discharged or released therefrom with other than a dishonorable discharge, or (ii) was discharged or released from active duty for a service-connected disability if any part of such active duty was performed during the Vietnam era, and (B) who was so discharged or released within the 48 months preceding [his] *the person's* application for employment covered under this chapter.

(3) The term "department and agency" means any department or agency of the Federal Government or any federally owned corporation.

§ 2012. Veterans' employment emphasis under Federal contracts

(a) Any contract in the amount of $10,000 or more entered into by any department or agency for the procurement of personal property and non-personal services (including construction) for the United States, shall contain a provision requiring that the party contracting with the United States shall take affirmative action to employ and advance in employment qualified disabled veterans and veterans of the Vietnam era. The provisions of this section shall apply to any subcontract entered into by a prime contractor in carrying out any contract for the procurement of personal property and non-personal services (including construction) for the United States. In addition to requiring affirmative action to employ such veterans under such contracts and subcontracts and in order to promote the implementation of such requirement, the President shall implement the provisions of this section by promulgating regulations within 60 days after the date of enactment of this section, which regulations shall require that (1) each such contractor undertake in such contract to list immediately with the appropriate local employment service office all of its suitable employment openings, and (2) each such local office shall give such veterans priority in referral to such employment openings.

(b) If any disabled veteran or veteran of the Vietnam era believes any contractor has failed or refuses to comply with the provisions of [his] *the contractor's* contract with the United States, relating to the employment of veterans, such veteran may file a complaint with the Veterans' Employment Service of the Department of Labor. Such complaint shall be promptly referred to the Secretary who shall promptly investigate such complaint and shall take such action thereon as the facts and circumstances warrant consistent with the terms of such contract and the laws and regulations applicable thereto.

(c) The Secretary shall include as part of the annual report required by section 2007(c) of this title the number of complaints filed pursuant to subsection (b) of this section, the actions taken thereon and the resolutions thereof. Such report shall also include the number of contractors listing suitable employment openings, the nature, types, and number of positions listed and the number of veterans receiving priority pursuant to subsection (a)(2) of this section.

* * * * * * *

Chapter 43—Veterans' Reemployment Rights

* * * * * * *

§ 2021. Right to reemployment of inducted persons; benefits protected

(a) In the case of any person who is inducted into the Armed Forces of the United States under the Military Selective Service Act (or under any prior or subsequent corresponding law) for training and service and who leaves a position (other than a temporary position) in the employ of any employer in order to perform such training and service, and (1) receives a certificate described in section 9(a) of the Military Selective Service Act (relating to the satisfactory completion of military service), and (2) makes application for reemployment within ninety days after such person is relieved from such training and service or from hospitalization continuing after discharge for a period of not more than one year—

(A) if such position was in the employ of the United States Government, its territories, or possessions, or political subdivisions thereof, or the District of Columbia, such person shall—

(i) if still qualified to perform the duties of such position, be restored to such position or to a position of like seniority, status, and pay; or

(ii) if not qualified to perform the duties of such position, by reason of disability sustained during such service, but qualified to perform the duties of any other position in the employ of the employer, be offered employment and, if such person so requests, be employed in such other position the duties of which such person is qualified to perform as will provide such person like seniority, status, and pay, or the nearest approximation thereof consistent with the circumstances in such person's case;

(B) if such position was in the employ of a State, or political subdivision thereof, or a private employer, such person shall—

(i) if still qualified to perform the duties of such position, be restored by such employer or [his] *the employer's* successor in interest to such position or to a position of like seniority, status, and pay; or

(ii) if not qualified to perform the duties of such position, by reason of disability sustained during such service, but qualified to perform the duties of any other position in the employ of such employer or [his] *the employer's* successor in interest, be offered employment and, if such person so requests, be employed by such employer or [his] *the employer's* successor in interest in such other position the duties of which such person is qualified to perform as will provide such person like seniority, status, and pay, or the nearest approximation thereof consistent with the circumstances in such person's case,

unless the employer's circumstances have so changed as to make it impossible or unreasonable to do so. Nothing in this chapter shall excuse noncompliance with any statute or ordinance of a state or political subdivision thereof establishing greater or additional rights or protections than the rights and protections established pursuant to this chapter.

(b)(1) Any person who is restored to or employed in a position in accordance with the provisions of clause (A) or (B) of subsection (a) of this section shall be considered as having been on furlough or leave of absence during such person's period of training and service in the Armed Forces, shall be so restored or reemployed without loss of seniority, shall be entitled to participate in insurance or other benefits offered by the employer pursuant to established rules and practices relating to employees on furlough or leave of absence in effect with the employer at the time such person was inducted into such forces, and shall not be discharged from such position without cause within one year after such restoration or reemployment.

(2) It is hereby declared to be the sense of the Congress that any person who is restored to or employed in a position in accordance with the provisions of clause (A) or (B) of subsection (a) of this section should be so restored or reemployed in such manner as to give such person such status in [his] *the person's* employment as [he] *the person* would have enjoyed if such person had continued in such employment continuously from the time of such person's entering the Armed Forces until the time of such person's restoration to such employment, or reemployment.

(3) Any person who holds a position described in clause (A) or (B) of subsection (a) of this section shall not be denied retention in employment or any promotion or other incident or advantage of employment because of any obligation as a member of a Reserve component of the Armed Forces.

(c) The rights granted by subsection (a) and (b) of this section to persons who left the employ of a State or political subdivision thereof and were inducted into the Armed Forces shall not diminish any rights such persons may have pursuant to any statute or ordinance of such State or political subdivision establishing greater or additional rights or protections.

* * * * * * *

§ 2024. Rights of persons who enlist or are called to active duty; Reserves

(a) Any person who, after entering the employment on the basis of which such person claims restoration or reemployment, enlists in the Armed Forces of the United States (other than in a Reserve component) shall be entitled upon release from service under honorable conditions to all of the reemployment rights and other benefits provided for by this section in the case of persons inducted under the provisions of the Military Selective Service Act (or prior or subsequent legislation providing for the involuntary induction of persons into the Armed Forces), if the total of such person's service performed between June 24, 1948, and August 1, 1961, did not exceed four years, and the total of any service, additional or otherwise, performed by such person after August 1, 1961, does not exceed five years, and if the service in excess of four years after August 1, 1961, is at the request and for the convenience of the Federal Government (plus in each case any period of additional service imposed pursuant to law).

(b)(1) Any person who, after entering the employment on the basis of which such person claims restoration or reemployment, enters upon active duty (other than for the purpose of determining physical fitness and other than for training), whether or not voluntarily, in the Armed Forces of the United States or the Public Health Service in response to an order or call to active duty shall, upon such person's relief from active duty under honorable conditions, be entitled to all of the reemployment rights and benefits provided for by this chapter in the case of persons inducted under the provisions of the Military Selective Service Act (or prior or subsequent legislation providing for the involuntary induction of persons into the Armed Forces), if the total of such active duty performed between June 24, 1948, and August 1, 1961, did not exceed four years, and the total of any such active duty, additional or otherwise, performed after August 1, 1961, does not exceed four years (plus in each case any additional period in which such person was unable to obtain orders relieving such person from active duty).

(2) Any member of a Reserve component of the Armed Forces of the United States who voluntarily or involuntarily enters upon active duty (other than for the purpose of determining physical fitness and other than for training) or whose active duty is voluntarily or involuntarily extended during a period when the President is authorized to order units of the Ready Reserve or members of a Reserve component to active duty shall have the service limitation governing eligibility for reemployment rights under subsection (b)(1) of this section extended by such member's period of such active duty, but not to exceed that period of active duty to which the President is authorized to order units of the Ready Reserve or members of a Reserve component. With respect to a member who voluntarily enters upon active duty or whose active duty is voluntarily extended, the provisions of this subsection shall apply only when such additional active duty is at the request and for the convenience of the Federal Government.

(c) Any member of a Reserve component of the Armed Forces of the United States who is ordered to an initial period of active duty for training of not less than three consecutive months shall, upon application for reemployment within thirty-one days after (1) such member's release from such active duty for training after satisfactory service, or (2) such members' discharge from hospitalization incident to such active duty for training, or one year after such member's scheduled release from such training, whichever is earlier, be entitled to all reemployment rights and benefits provided by this chapter for persons inducted under the provisions of the Military Selective Service

Act (or prior or subsequent legislation providing for the involuntary induction of persons into the Armed Forces), except that (A) any person restored to or employed in a position in accordance with the provisions of this subsection shall not be discharged from such position without cause within six months after that restoration, and (B) no reemployment rights granted by this subsection shall entitle any person to retention, preference, or displacement rights over any veteran with a superior claim under those provisions of title 5 relating to veterans and other preference eligibles.

(d) Any employee not covered by subsection (c) of this section who holds a position described in clause (A) or (B) of section 2021(a) shall upon request be granted a leave of absence by such person's employer for the period required to perform active duty for training or inactive duty training in the Armed Forces of the United States. Upon such employee's release from a period of such active duty for training or inactive duty training, or upon such employee's discharge from hospitalization incident to that training, such employee shall be permitted to return to such employee's position with such seniority, status, pay, and vacation as such employee would have had if such employee had not been absent for such purposes. Such employee shall report for work at the beginning of the next regularly scheduled working period after expiration of the last calendar day necessary to travel from the place of training to the place of employment following such employee's release, or within a reasonable time thereafter if delayed return is due to factors beyond the employee's control. Failure to report for work at such next regularly scheduled working period shall make the employee subject to the conduct rules of the employer pertaining to explanations and discipline with respect to absence from scheduled work. If such an employee is hospitalized incident to active duty for training or inactive duty training, such employee shall be required to report for work at the beginning of the next regularly scheduled work period after expiration of the time necessary to travel from the place of discharge from hospitalization to the place of employment, or within a reasonable time thereafter if delayed return is due to factors beyond the employee's control, or within one year after such employee's release from active duty for training or inactive duty training, whichever is earlier. If an employee covered by this subsection is not qualified to perform the duties of such employee's position by reason of disability sustained during active duty for training or inactive duty training, but is qualified to perform the duties of any other position in the employ of the employer or [his] *such employer's* successor in interest, such employee shall be offered employment and, if such person so requests, be employed by that employer or [his] *such employer's* successor in interest in such other position the duties of which such employee is qualified to perform as will provide such employee like seniority, status, and pay, or the nearest approximation thereof consistent with the circumstances in such employee's case.

(e) Any employee not covered by subsection (c) of this section who holds a position described in clause (A) or (B) of section 2021(a) shall be considered as having been on leave of absence during the period required to report for the purpose of being inducted into, entering, or determining, by a preinduction or other examination, physical

825

fitness to enter the Armed Forces. Upon such employee's rejection, upon completion of such employee's preinduction or other examination, or upon such employee's discharge from hospitalization incident to such rejection or examination, such employee shall be permitted to return to such employee's position in accordance with the provisions of subsection (d) of this section.

(f) For the purposes of subsections (c) and (d) of this section, full-time training or other full-time duty performed by a member of the National Guard under section 316, 503, 504, or 505 of title 32, is considered active duty for training; and for the purpose of subsection (d) of this section, inactive duty training performed by that member under section 502 of title 32 or section 206, 301, 309, 402, or 1002 of title 37, is considered inactive duty training.

* * * * * * *

PART IV—GENERAL ADMINISTRATIVE PROVISIONS

* * * * * * *

CHAPTER 51—APPLICATIONS, EFFECTIVE DATES, AND PAYMENTS

* * * * * * *

CHAPTER 53—SPECIAL PROVISIONS RELATING TO BENEFITS

* * * * * * *

§ 3101. Nonassignability and exempt status of benefits

(a) Payments of benefits due or to become due under any law administered by the Veterans' Administration shall not be assignable except to the extent specifically authorized by law, and such payments made to, or on account of, a beneficiary shall be exempt from taxation, shall be exempt from the claim of creditors, and shall not be liable to attachment, levy or seizure by or under any legal or equitable process whatever, either before or after receipt by the beneficiary. The preceding sentence shall not apply to claims of the United States arising under such laws nor shall the exemption therein contained as to taxation extend to any property purchased in part or wholly out of such payments. The provisions of this section shall not be construed to prohibit the assignment of insurance otherwise authorized under chapter 19 of this title, or of servicemen's indemnity. *For the purposes of this subsection, in any case where a payee of an educational assistance allowance has designated the address of an attorney-in-fact as the payee's address for the purpose of receiving his or her benefit check and has also executed a power of attorney giving the attorney-in-fact authority to negotiate such benefit check, such action shall be deemed to be an assignment and is prohibited.*

(b) This section shall prohibit the collection by setoff or otherwise out of any benefits payable pursuant to any law administered by the Veterans' Administration and relating to veterans, their estates, or their dependents, of any claim of the United States or any agency thereof against (1) any person other than the indebted beneficiary or his estate; or (2) any beneficiary or his estate except amounts due the United States by such beneficiary or his estate by reason of overpayments or illegal payments made under such laws to such beneficiary or his estate or to his dependents as such. If the benefits referred to in the preceding sentence are insurance payable by reason of yearly renewable term insurance, United States Government life insurance, or National Service Life Insurance issued by the United States, the exemption provided in this section shall not apply to indebtedness existing against the particular insurance contract upon the maturity of which the claim is based, whether such indebtedness is in the form of liens to secure unpaid premiums or loans, or interest on such premiums or loans, or indebtedness arising from overpayments of dividends, refunds, loans, or other insurance benefits.

(c) Notwithstanding subsection (a) payments of benefits under laws administered by the Veterans' Administration shall not be exempt from levy under subchapter D of chapter 64 of the Internal Revenue Code of 1954 (relating to seizure of property for collection of taxes).

*   *   *   *   *   *   *

APPENDIX B

Calendar No. 1179

94th CONGRESS
2d Session

S. 969

IN THE SENATE OF THE UNITED STATES

September 17, 1976

Ordered to lie on the table and to be printed

AMENDMENTS

Intended to be proposed by Mr. Gary Hart to S. 969, a bill to amend chapter 34 of title 38, United States Code, to extend the basic educational assistance eligibility for veterans under chapter 34 and for certain dependents under chapter 35 from thirty-six to forty-five months, viz:

At the end of the bill add the following:

"Sec. 3. Section 211 (a) of title 38, United States Code, is amended by striking out all after "shall be" and inserting in lieu thereof the following: "subject to judicial review as provided in chapter 7 of title 5.".

"Sec. 4. Section 3404 (c) of title 38, United States Code, is hereby repealed.".

Amdt. No. 2318

828

(3449)

Amend the title so as to read: "A bill to amend chapter 34 of title 38, United States Code, to extend the basic educational assistance eligibility for veterans under chapter 34 and for certain dependents under chapter 35 from thirty-six to forty-five months, and to provide for judicial review of administrative determinations made by the Administrator of Veterans' Affairs, and for other purposes.

Calendar No. 1179

94th CONGRESS
2d Session

S. 969

IN THE SENATE OF THE UNITED STATES

September 21, 1976

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. Durkin to S. 969, a bill to amend chapter 34 of title 38, United States Code, to extend the basic educational assistance eligibility for veterans under chapter 34 and for certain dependents under chapter 35 from thirty-six to forty-five months, viz: Strike title IV and insert in lieu thereof the following as a substitute:

TITLE IV—TERMINATION OF CHAPTER 34 BENEFITS

Sec. 401. Section 1652 of title 38, United States Code, is amended—

(1) by amending paragraph (1) of subsection (a) to read as follows:

"(1) The term 'eligible veteran' means any veteran who—

"(A) served on active duty for a period of more

Amdt. No. 2333

than 180 days, any part of which occurred after January 31, 1955, and before January 1, 1977, and was discharged or released therefrom under conditions other than dishonorable; or

"(B) contracted with the Armed Forces and was enlisted in or assigned to a reserve component prior to January 1, 1977, and as a result of such enlistment or assignment served on active duty for a period of more than 180 days, any part of which commenced within 12 months after January 1, 1977, and was discharged or released from such active duty under conditions other than dishonorable; or

"(C) was discharged or released from active duty, any part of which was performed after January 31, 1955, and before January 1, 1977, or following entrance into active service from an enlistment or assignment referred to in clause (B) of this paragraph, because of a service-connected disability."; and

(2) by inserting in subsection (a) (2) "or (B)" after "paragraph (1) (A)".

Sec. 402. Section 1661 (a) of title 38, United States Code, is amended by adding at the end thereof a new sentence as follows: "In the case of any person serving on active duty on December 31, 1976, or a person whose eligibility is based on section 1652 (a) (1) (B) of this chapter, the ending date for computing such person's entitlement shall be the date of such person's first discharge or release from active duty after December 31, 1976.".

SEC. 403. Section 1662 of title 38, United States Code, is amended by adding at the end thereof a new subsection as follows:

"TERMINATION OF PROGRAM

"(e) In no event may educational assistance be afforded any eligible veteran under this chapter or chapter 36 after December 31, 1989.".

Calendar No. 1179

94th CONGRESS
2d Session

S. 969

IN THE SENATE OF THE UNITED STATES

SEPTEMBER 21, 1976

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. DURKIN (for himself, Mr. CLARK, Mr. EASTLAND, Mr. MATHIAS, Mr. HUGH SCOTT, and Mr. ALLEN) to S. 969, a bill to amend chapter 34 of title 38, United States Code, to extend the basic educational assistance eligibility for veterans under chapter 34 and for certain dependents under chapter 35 from thirty-six to forty-five months, viz: At the appropriate place insert the following new section:

SEC. 214. (a) Section 1662 (a) of title 38, United States Code, is amended by inserting "(1)" after "(a)" and by adding at the end of such section a new paragraph as follows:

"(2) Notwithstanding the provisions of paragraph (1), any veteran shall be permitted to use any of such veteran's unused educational entitlement under this chapter

Amdt. No. 2334

833

after the delimiting date otherwise applicable to such veteran, as provided in paragraph (1), if such veteran was enrolled as a full-time student and pursuing an approved course of education at the time of the expiration of such veteran's eligibility, or if such veteran was a part-time student at the time of the expiration of such veteran's eligibility and was receiving educational benefits, a loan, or compensation under any program provided for in the Omnibus Crime Control and Safe Streets Act of 1968. Notwithstanding any other provision of this chapter or chapter 36 of this title, any veteran whose delimiting period is extended under this paragraph—

"(i) may continue to use any unused entitlement under this chapter until such entitlement is exhausted, until the expiration of three years, or until the veteran has completed the approved course of education in which the veteran was enrolled at the end of the delimiting period referred to in paragraph (1), whichever occurs first;

"(ii) must pursue a program of education on a full-time basis unless such veteran is receiving educational benefits, a loan or compensation under a program provided for in the Omnibus Crime Control and Safe Streets Act of 1968; and "(iii) shall be entitled to an educational assistance allowance equal to the educational assistance allowance authorized for eligible veterans whose delimiting period has not expired or been extended by this paragraph.".

(b) The amendment made by subsection (a) of this section shall become effective upon the date of enactment of this Act, and apply to all veterans released from active duty after January 31, 1955.

Calendar No. 1179

94th CONGRESS
2d Session

S. 969

IN THE SENATE OF THE UNITED STATES

September 21, 1976

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. Durkin (for himself and Mr. Taft, Mr. Mathias, and Mr. Hugh Scott) to S. 969, a bill to amend chapter 34 of title 38, United States Code to extend the basic educational assistance eligibility for veterans under chapter 34 and for certain dependents under chapter 35 from thirty-six to forty-five months, viz: At the appropriate place insert the following new section:

Sec. 215. (a) Chapter 34 of title 38, United States Code, is amended by inserting after section 1682 a new section as follows:

"§ 1682A. Accelerated tuition assistance

"(a) Notwithstanding any other provision of this chapter, or chapter 36 of this title, a veteran pursuing a full-time program of education at an educational institution approved by the Administrator may apply to the Admin-

Amdt. No. 2335

istrator to have his monthly educational assistance allowance accelerated and have his entitlement under this chapter changed proportionally.

"(b) The Administrator shall approve the application of any veteran for accelerated payment of educational assistance allowance if he determines, on the basis of such application, that such veteran's tuition and fees for the regular academic year or comparable period of enrollment are in excess of $750 and that the veteran will be able to attain the veteran's predetermined and identified educational objective within the veteran's entitlement period if payment is accelerated.

"(c) In no event shall the total amount of educational assistance allowance payable to the veteran under section 1682(a)(1) of this title be increased in any regular academic year or comparable period of enrollment—

"(1) by more than twice the amount the veteran would otherwise be entitled to receive in such school year or comparable period of enrollment under this chapter, or

"(2) by more than the amount of the veteran's tuition and fees for a regular academic year or comparable period of enrollment, plus the amount the veteran would normally receive in educational assistance allowance under this chapter during a regular academic

837

year or comparable period of enrollment, whichever is less.

"(d) The Administrator shall discontinue the accelerated educational assistance to any veteran under this section if the Administrator finds that the program of instruction in which the veteran is enrolled at any time fails to meet the requirements of subsections (b) and (c) of this section.".

(b) The amendment made by subsection (a) of this section shall become effective on January 1, 1977.

APPENDIX C

[From the Congressional Record—Senate, October 1, 1976]

VETERANS' EDUCATION AND EMPLOYMENT ASSISTANCE ACT OF 1976

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senate proceed to the immediate consideration of Calendar Order No. 1179.

The PRESIDING OFFICER. Without objection, the Senate will proceed to the consideration of S. 969, which the clerk will state by title.

The legislative clerk read as follows:

"A bill (S. 969) to amend chapter 34 of title 38, United States Code, to extend the basic educational assistance eligibility for veterans under chapter 34 and for certain dependents under chapter 35 from 36 to 45 months."

* * * * * * *

Mr. HARTKE. Mr. President, the Veterans' Education and Employment Assistance Act of 1976 is intended to expand and to improve further the current GI bill program. The act represents the committee's continued oversight efforts of education and employment assistance programs. Previous legislation resulting from such oversight includes Public Law 91–219, Public Law 92–540 and the Vietnam Era Veterans' Readjustment Assistance Act of 1974 (Public Law 93–508).

As reported, S. 969 provides an 8-percent increase in the vocational rehabilitation subsistence allowance paid to disabled veterans training under chapter 31. Similar 8-percent increases in the educational training assistance allowances are authorized for veterans training under chapter 34 and for survivors and dependents training under chapter 35. Maximum entitlement to educational benefits for all eligible veterans and dependents is extended from 36 to 45 months. The Veterans' Administration direct education loan program and special programs for educationally disadvantaged veterans and servicemen are improved and expanded. Eligibility for current GI educational benefits are terminated for those entering the Armed Forces after December 31, 1976. A new chapter 32 contributory vesting educational assistance program known as the post-Vietnam-era veterans' readjustment assistant program is established for those entering the Armed Forces on or after January 1, 1977. Provisions are included which clarify, codify, and strengthen administrative provisions of the VA educational assistance program. These provisions are designed to prevent or reduce abuses.

Finally, provisions are included which strengthen current employment assistance provisions for veterans. The act would elevate the Director of Veterans' Employment Service within the Department of Labor to assistant secretary.

S. 969, as amended, the Veterans' Education and Employment Assistance Act of 1976, contains seven titles whose provisions are more fully described hereafter.

Title I—chapter 31, disabled veterans' vocation rehabilitation rate and program adjustments—of S. 969, as amended:

First, increases by 8 percent the subsistence allowance paid disabled veterans pursuing a course of vocational rehabilitation under chapter 31 of title 38, United States Code;

Second, eliminates the current termination date for use by seriously disabled veterans of chapter 31 benefits when it is determined that such veterans are still in need of vocational rehabilitation; and

Third, permits chapter 31 trainees to be trained in Federal agency facilities on the same basis as trainees under the Rehabilitation Act of 1973, thus affording disabled veterans increased opportunities for Federal employment.

Title II—veterans' education rate program adjustments—of S. 969, as amended:

First, increases by 8 percent the educational assistance allowance paid eligible veterans pursuing a program of education—including farm cooperative, elementary and secondary education and preparatory educational assistance—under chapter 34 of title 38, United States Code;

Second, increases by 8 percent the individualized tutorial assistance allowance authorized for eligible veterans with deficiencies in subjects required as part of an approved program of education;

Third, extends the tutorial assistance program in certain cases to veterans enrolled in institutional or technical courses not leading to a standard college degree;

Fourth, authorizes full entitlement for educational assistance benefits under chapter 34 for service of less than 18 months to any eligible veteran medically discharged because of a service-connected disability;

Fifth, removes the current restriction to undergraduate use of the 9 months of additional benefit entitlement granted in 1974 plus allowing a maximum of 45 months of eligibility for an approved program of education—including graduate work;

Sixth, extends the 10-year delimiting period for use of VA benefits for such periods of time that a veteran is prevented from completing his or her program of education because of a physical or mental disability not the result of the veterans misconduct;

Seventh, codifies existing regulations which define the terms "institution of higher learning" and "standard college degree";

Eighth, directs the Administrator to conduct a study to determine the effectiveness of vocational objective courses approved for enrollment of veterans with particular emphasis as to whether there is full compliance with the provisions of section 1673(a)(2);

Ninth, codifies existing regulations which limit enrollment of veterans in any independent study program other than those leading to a standard college degree and provides that benefits for a course of study exclusively by independent study shall be computed on a less than halftime basis;

Tenth, extends to all programs of education the requirement that no more than 85 percent of the students enrolled in certain approved courses be in receipt of VA benefits or other Federal grants;

Eleventh, clarifies the definition of "unsatisfactory progress" to include those situations where a veteran is not progressing at a rate which will allow the graduate within the normal period of time for completion of studies—unless the Administrator finds that there are mitigating circumstances;

Twelfth, amends the veteran-student services program to permit completion of a work-study agreement even if the veteran ceases to be a full-time student; and

Thirteenth, requires the VA to make available comprehensive educational and vocational counseling to any eligible veteran who requests it.

Title III—Chapter 35, survivors' and dependents' educational assistance rate and program adjustments—of S. 969, as amended:

First, increases by 8 percent the educational assistance allowance paid survivors of veterans who died of service-connected causes, and dependents of seriously disabled veterans;

Second, extends maximum entitlement to benefits from 36 to 45 months for all persons training under chapter 35;

Third, liberalizes the period of eligibility for use by eligible children of educational assistance benefits under chapter 35;

Fourth, codifies existing regulations which define the terms "institution of higher learning" and "standard college degree";

Fifth, codifies existing regulations which limit enrollment of eligible persons in any "independent study program" other than those leading to a standard college degree and provides that benefits for a course of study which is exclusively by independent study shall be computed on a less than halftime basis; and

Sixth, further defines "unsatisfactory progress" to include those situations where an eligible person is not progressing at a rate which will allow the eligible person to graduate within the normal time for completion of the program as certified to the Veterans' Administration—unless the Administrator finds that there are mitigating circumstances.

Title IV—Post-Vietnam Era Veterans' Readjustment Assistance Act—of S. 969, as amended:

First, establishes December 31, 1976, as the terminating date for establishing eligibility for veterans' education and training benefits under chapter 34 of title 38, United States Code;

Second, establishes for those men and women entering the Armed Forces on or after January 1, 1977, a new chapter 32 educational matching assistance program as post-Vietnam-era veterans' readjustment assistance; and

Third, provides that in the event involuntary induction under the Selective Service Act is reimposed by law that those entering military service after the effective date of such a change in the law shall be eligible for chapter 34 educational benefits.

Title V—chapter 36, Education Loan and Program Administration amendments—of S. 969, as amended:

First, increases by 8 percent the monthly training assistance allowance paid to eligible veterans or persons pursuing a full program of apprenticeship or other on-job training and provides similar increases for those pursuing a program of education by correspondence;

Second, increases from $600 to $2,000 the maximum annual VA direct education loan available for eligible veterans, survivors, and dependents;

Third, amends the VA direct education loan program to provide that interest charges on such loans shall be comparable to, but shall not exceed those charged students under other federally insured educational loan programs;

Fourth, provides that the school catalogs submitted by institutions to State approving agencies contain the school's progress requirements for graduation;

Fifth, codifies existing regulations prohibiting payments for the auditing of courses and further directs that absent mitigating circumstances no payment will be authorized for any course for which the grade assigned is not used in computing the requirements for graduation;

Sixth, permits continued VA payments for intervals between school terms and provides that when a veteran or eligible person transfers from one institution to another payments are permitted providing that in either event such periods do not exceed 30 days;

Seventh, increases by 8 percent the allowance paid for administrative expenses incurred by State approving agencies in supervising approved educational institutions and further authorizes subcontracting by such State agencies;

Eighth, codifies existing regulations which provide that the date of interruption or termination in a program of education shall be the last date the veteran or eligible person pursued such course;

Ninth, increases by $2 the reporting fee paid to institutions for each veteran or other eligible person enrolled therein;

Tenth, reduces the required number of clock hours in certain vocational objective courses necessary to qualify as a full-time course;

Eleventh, extends the requirement of 2 years of operation to certain branches or extensions of institutions prior to VA approval for enrollment of veterans;

Twelfth, provides the Administrator shall not approve the enrollment of any eligible veteran or person in any correspondence course leading to a vocational objective which is normally completed in less than 6 months;

Thirteenth, strengthens section 1796 which directs the Administrator not to approve the enrollment of veterans in any course offered by an institution utilizing the erroneous, deceptive, or misleading sales or enrollment practices by requiring institutions to maintain complete records and copies of all advertising and sales materials utilized during the preceding 12-month period;

Fourteenth, clarifies and strengthens provisions permitting VA inspection of student records to assure institutional compliance with the requirements of title 38;

Fifteenth, strengthens and improves the education advisory committee to the Veterans' Administration;

Sixteenth, repeals the current 48-month limitation for benefit entitlement to any person eligible and training under more than one VA educational assistance program; and

Seventeenth, requires annual VA compliance surveys of institutions which enroll eligible veterans.

Title VI—veterans' employment assistance provisions—of S. 969, as amended:

First, provides that the Veterans' Employment Service within the Department of Labor shall be headed by an Assistant Secretary of Labor for Veterans' Employment; and

Second, expands and strengthens the administrative controls to assure that eligible veterans receive satisfactory employment assistance.

Title VII—miscellaneous and effective date—of S. 969, as amended:

First, provides that, except as otherwise specified, all provisions shall become effective on October 1, 1976; and

Second, clarifies and strengthens provisions prohibiting the assignment of VA benefits.

In addition to the foregoing, there are a number of technical amendments to chapters 31, 34, 35, 41, 42, and 43 of title 38, United States Code, including the removal of unnecessary and unwarranted gender references.

* * * * * * *

Mr. HARTKE. Mr. President, the reported bill also contains an important section requiring the Veterans' Administration to conduct a thorough study of vocational objective programs, particularly to see if they are complying with the requirements of section 1673(a)(2) of title 38, United States Code, the so called 50-percent employment requirement. I believe such a study is necessary and that administrative changes may be required with respect to implementation of this rule to assure that the intent of statute is fully carried out. In this connection the General Accounting Office recently completed a preliminary examination of the 50-percent rule and certain other provisions which were enacted as part of Public Law 93-508. I ask unanimous consent that this report by the General Accounting Office be inserted in the Record at this point.

There being no objection it was ordered printed as follows:

COMPTROLLER GENERAL OF
THE UNITED STATES,
Washington, D.C., September 17, 1976.

Hon. VANCE HARTKE,
Chairman, Committee on Veterans' Affairs, U.S. Senate

DEAR MR. CHAIRMAN: In your April 24, 1975, letter you requested that we determine whether the Veterans Administration (VA), State approving agencies, and participating schools were properly implementing certain provisions of the Vietnam Era Veterans' Readjustment Assistance Act of 1974 (Public Law 93-508)—specifically the 50 percent employment rule, the 85 percent enrollment rule, and the course character and advertising provisions.

We selected 13 schools for review—7 correspondence schools, 4 vocational/technical schools, and 2 flight schools. As you requested, we chose (1) correspondence schools which were the subject of our previous review of certain provisions of the Vietnam Era Veterans' Readjustment Assistance Act of 1972, (Public Law 92-540),[1] (2) vocational/technical schools providing resident training, and (3) flight training schools. We selected these schools also because they had a variety of vocational courses and large veteran enrollment. We selected one course for review at each school. In general, these courses had a large veteran enrollment.

As discussed below and in the enclosure, we noted deficiencies in all provisions reviewed which limited VA's assurances that the act was being properly implemented. Since neither the 13 schools nor the 13 courses reviewed were statistically selected, the deficiencies noted cannot be considered representative of all courses affected by the act. However, because the deficiencies were due mostly to inadequate VA policy and guidelines the following may be common deficiencies:

Some VA regional offices and State approving agencies did not process the schools' employment survey reports for the 50 percent rule as required.

They did not always (1) identify all schools and courses for which survey reports were required, (2) adhere to prescribed timeframes for processing reports, and (3) verify the mathematical accuracy of data on the reports. Also, the validity of several schools' surveys and their reporting was questionable.

There was no clear definition of a VA subsidized student for purposes of computing the 85:15 ratio. Also, school officials were not certain whether it was their responsibility to make the ratio calculation and retain documentation to indicate their compliance with the rule.

VA had no acceptable standard for determining whether a course was avocational or recreational, and in fact, the survey form seemed to discourage veterans from indicating that a course they took was for personal enrichment, avocational or recreational reasons. Also, neither VA nor State agencies systematically reviewed school advertising.

---

[1] Follow-up Work on Veterans Taking Correspondence Training (B—114859, June 5, 1974).

During our review, we discussed our findings with VA officials and in some instances corrective action was taken. We are recommending additional actions in this report to provide further assurance that the four provisions of the act discussed above are effectively implemented.

As discussed with your office, formal comments were not obtained from VA. However, this report has been discussed with VA officials, and their comments have been included as appropriate.

Also, as discussed with your office, copies of the report are being sent to the Administrator of Veterans Affairs, other Congressional Committees, Members of Congress, and other interested parties.

Sincerely yours,

——— ———,
Acting Comptroller General
of the United States.

Enclosure.

RESULTS OF GAO REVIEW ON THE IMPLEMENTATION OF CERTAIN PROVISIONS OF THE VIETNAM ERA VETERANS' READJUSTMENT ASSISTANCE ACT OF 1974 (PUBLIC LAW 93–508)

BACKGROUND

In the past, it was indicated that vocational schools were (1) catering primarily to VA subsidized students, (2) using false and misleading advertising to coax students to enroll, and (3) providing low quality instruction. Because of these indications, Public Law 93–508, December 3, 1974, provided that the VA Administrator shall not approve the enrollment of a veteran in any vocational course (1) unless it is shown that at least one-half of the graduates of that course have been employed in a field related to their training, (2) in which more than 85 percent of the students are having any part of their tuition subsidized by the VA or the school, (3) which is avocational or recreational in nature, or (4) offered by an institution that utilizes deceptive or misleading advertising. VA is responsible for implementing the act.

To determine whether VA was complying with the above provisions of the act, we made a review at the VA central office, Washington, D.C., and at 7 VA regional offices, 8 State approving agencies, and 13 shcools in Florida, Georgia, Illinois, Indiana, Maryland, Ohio, and Washington, D.C. Seven of the schools were correspondence schools, four were resident vocational schools, and two were flight schools.

The 13 schools selected for review offered a wide range of courses with vocational training in electronics, computer technology, accounting, truck driving, barbering, air conditioning/refrigeration, hotel/motel management, automobile repair, and aircraft operation. We selected one course for review at each of the 13 schools. In general, each course had a large veteran enrollment.

At these sites we interviewed officials and reviewed policies, regulations, procedures, reports and records. Also, we telephoned a sample of the graduates from each school we visited to verify the accuracy of information on the students as reported by the schools.

THE 50 PERCENT EMPLOYMENT RULE

Sections 203(1) and 207(1) of the act (amending respectively, sections 1673(a)(2) and 1723(a)(2) of title 38 U.S.C.) provided:

The Administrator shall not approve the enrollment of an eligible person in any sales or sales management course which does not provide specialized training within a specific vocational field, or in any other course with a vocational objective, unless the eligible person or the institution offering such course "submits justification showing that at least one-half of the persons who completed such course over the preceding two-year period, and who are not unavailable for employment, have been employed in the occupational category for which the course was designed to provide training (but in computing the number of persons who completed such course over any such two-year period, there shall not be included the number of persons who completed such course with assistance under this title while serving on active duty) . . ." (The 50 percent employment rule)

VA is responsible for implementing the 50 percent employment rule; however, to do so it sought the help of State approving agencies and subject schools. The schools were to survey the graduates of each course during a 2-year period to gather employment information. Usually the graduates were furnished a VA-developed qeustionnaire (see appendix I) to complete and return to the school. The schools were required to summarize the responses for each course and report them to the appropriate State agency (See appendix II).

The State approving agencies were to review the survey results submitted by the schools, approve or disapprove the courses, and forward the information to the appropriate VA regional office. VA contracted with the State agencies (generally a unit of the State Office of Education or a separate State training agency under contract with VA) to inspect, approve, and supervise schools and courses for training of eligible persons under the education program authorized by 38 U.S.C. 1651 *et seq.* (G.I. Bill). The regional offices were instructed by the Administrator to suspend enrollments in all non-complying courses.

IMPLEMENTATION OF SURVEY BY REGIONAL OFFICES AND STATE AGENCIES

Requirements

Regions received survey instructions from the VA central office for distribution to State agencies and schools by June 2, 1975. The regions were to maintain contact with the State agencies during the survey and the reporting stages to help resolve questions or problems. When a survey report for any course was delinquent or showed that the 50-percent requirement was not met, further enrollment of VA trainees in that course was not to be allowed by VA until the State agency certified that the 50 percent employment rule had been met.

Regions were responsible for reviewing the State agency and school records on a spot check basis to assure compliance with survey instructions. The State agencies were also responsible for reviewing all survey reports for mathematical accuracy and compliance with prescribed procedures.

Schools and courses requiring a survey not identified

In five of the seven areas that we reviewed, regional offices and their State approving agencies did not coordinate with each other to identify all schools and courses subject to the 50 percent employment survey requirements. Without this information they had no assurance that the affected schools conducted the survey for each of their courses.

As an example, one State agency was unable to identify all courses for which surveys were delinquent because it did not have a complete list of courses subject to the surveys. In processing surveys, the State agency used a directory of schools to account for survey reports received. When one or more reports were received from a school, State agency officials placed a check mark beside the school's name in the directory. The school names reported to the regional offices in December 1975 as having delinquent surveys were those believed to be subject to the 50 percent rule and not having a check mark recorded in the directory. This processing method was not a reliable check on schools with more than one course subject to a survey. In that case, if there was a check mark beside the school's name in the directory, that school was considered to be in compliance even if it had not submitted all of its required surveys.

The regional office could not rely on the State's report since courses for which surveys were delinquent were not identified, and the region could not develop better data itself because it also did not have a complete listing of the courses.

Two regional offices' lists of schools and courses subject to the 50 percent employment rule did not agree with those of State agencies. For example, one regional office claimed to have 40 schools and 194 courses in its jurisdiction while the respective State agency claimed to have 36 schools and 180 courses.

In another case, a regional office provided us with a list of 426 schools subject to the 50 percent placement requirement. The State agency list had the names of 353 schools. Our review showed that there were schools on the region's list which were not on the State agency's list and vice versa. Another regional office could identify the schools and courses for vocational/technical, flight and correspondence institutions, however, it could not identify courses at institutions of higher learning that were subject to the requirement.

We also found that two VA regional offices sent employment survey instructions to all schools in their jurisdiction without regard to whether the schools were subject to the requirement.

When we discussed the problems cited above with VA central office officials, we suggested that the VA revise the survey instructions to require regional offices and State agencies to jointly identify schools and courses subject to the requirement. The officials agreed that such coordination was needed and revised the survey instructions accordingly.

Processing dates not adhered to

VA required that schools that were subject to the 50 percent rule survey their graduates and report the results to the appropriate State agency by July 1, 1975. However, if this was not possible, the schools could request an extension from the State agency to November 1, 1975. When a request for an extension or survey results was not received by July 1, 1975, the State agency was to notify the VA regional office and new enrollments were to be suspended for the courses involved. State agencies and the VA were to take similar action if survey reports were not received by November 1, 1975. VA gave State agencies until December 1, 1975, to review the survey results submitted by the schools, approve or disapprove the courses, and forward the information to the regional offices. The regional offices were to take immediate action to suspend enrollments for courses which did not meet the criteria.

In four regions the processing dates were not adhered to. A blanket extension to November 1, 1975, was granted to all schools, State agencies did not forward the surveys to the VA by December 1, 1975, or the regional offices did not take immediate action when data was received to suspend enrollment in courses which did not meet the criteria.

In one region the State agency gave a blanket extension to all schools whether they requested it or not. Furthermore, it did not notify the regional office of the surveys that were delinquent until early December 1975. The extent is unclear to which the regional office contributed to or concurred with the blanket extension and with omitting the reporting of delinquent surveys at November 1, 1975. A State agency official told us that regional office officials actually suggested the blanket extension and were in agreement that the State agency did not have to report any overdue surveys until December 1, 1975, after their processing was completed. However, the official was unable to furnish documentation to this effect. VA regional office officials stated that they had been unable to prevent the State agency's actions because they had no real supervisory authority over the State agency. VA regional office officials told us that they were not informed until November that the backlog of work at the State agency had prevented any reporting until December 1975.

VA officials in another region told us that they were not notified of those schools which had neither submitted an employment survey by July 1, 1975, nor requested an extension to November 1, 1975. According to these officials, the regional office conducted a telephone survey of the schools in their jurisdiction in late July 1975, because (1) so few schools responded by July 1, 1975, (2) the State agency had a heavy workload, and (3) attendance was poor at the State agency's workshops where school responsibilities were discussed. The purpose of the telephone survey was to remind the schools of their responsibilities under Public Law 93-508 and to ask them if they wanted an extension to November 1, 1975, to submit their employment survey. The regional officials said that the telephone survey resulted in their granting the blanket extension to all schools in their jurisdiction.

A third regional office, with the concurrence of the VA central office, granted an extension to all schools until November 1, 1975. The extension was granted because the State agency did not inform the region of those schools which failed to submit survey results or request an extension by July 1, 1975. The State agency did not report any surveys as delinquent because it assumed that all of the schools would request the extension. In addition, the State agency representative for vocational course accreditation retired July 1, 1975, and was not replaced until August 30, 1975.

At a fourth region, the State agency reported to the VA the schools that did not submit the survey results or request an extension by July 1, 1975. However, the State agency did not submit information on the remaining schools until January 14, 1976, because it was verifying all survey forms submitted by the schools. In addition, the regional office did not take action to suspend enrollments in any courses based on the information received on January 14, 1976, because the VA did not have a complete list of affected courses (as discussed on page 3). Instead, the regional office requested the State agency to provide a list of courses not meeting the 50 percent placement requirement. This list was received by the regional office on February 18, 1976.

Inadequate review of survey reports by State agencies

At each region visited we reviewed a sample of the survey reports submitted by the State agency for mathematical accuracy and compilance with survey instructions. At three regional offices we found few or no errors. However, at four regions we found numerous errors ranging from 26.8 percent to 45.7 percent. The number and type of errors indicated that no more than a marginal review of the reports was made by the State agencies prior to their submission to the regional offices.

For examples, at one region we randomly selected 175 of the 1,229 survey reports and noted errors in 80 or 45.7 percent of these as follows:

6 reports contained only mathematical errors.

40 reports did not include graduates over a 2-year period as required. In 27 reports the survey period was omitted completely; in 9 reports the survey period exceeded 2 years; and in 4 reports the survey period was less than 2 years.

6 reports contained only procedural errors by the State agency. In 5 cases it failed to approve or disapprove the course. In the other case, the State agency disapproved the course when it should have been approved.

28 reports contained a combination of the errors described above.

We discussed with officials of State agencies the problems that they had in accomplishing their review of survey results. One official said he was not aware of the high error rates. He said he tried to check for mathematical accuracy and compliance with required survey procedures, but the processing of the employment surveys was an additional burden for which the agency was not authorized additional staff. He said that his staff was not familiar with compliance work and had to learn as they went.

Officials of other State agencies summarized the problems they had as follows:

Not enough time. The July 1, 1975, deadline was unrealistic since the survey instructions were not distributed to the schools until June 1975.

Not enough staff to administer the program and conduct an in-depth review of survey results. One agency had to hire additional clerical help.

IMPLEMENTATION OF SURVEY AT SELECTED SCHOOLS

Requirements

Schools were required to survey the graduates of each vocational course which was currently approved or for which approval was being sought under the provisions of the G.I. Bill. For each course, they were to identify those persons who had completed or had discontinued training during a designated 2-year period. From these, the schools were to eliminate those persons who discontinued or completed their training while in the armed forces. The remaining graduates were to be in the survey unless the course had in excess of 300 graduates. If there were in excess of 300 graduates, a school had the option to select a random sample of 300. Schools were required to send out VA questionnaires to graduates unless the school could verify that it already maintained employment experience data on at least 75 percent of these people. The school used either the questionnaire responses or their own records to complete the survey reports for each applicable course.

Problems experienced by schools with survey instructions

At each of the 13 schools we made a detailed review of their compliance with the survey procedures. Each of the courses reviewed had been certified by a State agency as having met the 50 percent rule. Our review showed that survey results were questionable because several of these schools used invalid survey procedures.

Two schools did not survey all the appropriate people. For example, one school surveyed 51 people, and our review showed that 85 persons should have been surveyed. Another school surveyed 18 when 27 should have been surveyed.

One school used an incorrect basis for determining the survey population. It used the date students finished paying for their courses as the graduation date. As a result, some people who completed their courses as early as 1970, but who did not make their final payment until the survey period, were included in the survey. Conversely, some people who completed their courses and passed their final exam during the survey period were not surveyed because they had not fully paid for their courses during the period.

We also noted that schools classified questionnaire responses inconsistently. Some accepted student responses as presented, while others reclassified them. Some schools believed that the graduate was in the best position to judge whether his or her work was directly or closely related to training received, so they accepted the graduate's judgment without regard to conflicting information that might be on the questionnaire.

The educational director at another school informed us that he had personally reviewed and interpreted every graduate response received in the survey and had classified them based on his judgment of the overall theme of the responses. The director said that although there were no VA instructions on the interpretation of responses, he believed that he had to reclassify some of them because many of the respondents' classifications did not seem reasonable.

We discussed the problems cited above with VA central office officials and suggested that the VA improve guidelines for classifying graduates and interpreting questionnaire responses. VA officials agreed and revised the instructions accordingly.

Conclusions

The 50 percent employment rule has not been properly implemented. Therefore, VA has not had information needed to determine whether vocational training courses have been of sufficient quality to warrant approval for veteran enrollment.

RECOMMENDATIONS TO THE VA ADMINISTRATOR

To help insure proper implementation of the 50 percent employment rule, we recommend that the Administrator urge the VA regional offices and State agencies to perform their assigned functions in processing school employment surveys including:

Processing the forms in a timely manner and
Reviewing the forms to detect errors and omissions in the surveys.

THE 85 PERCENT ENROLLMENT RULE

Section 203(3) of the act provides:

"The Administrator shall not approve the enrollment of any eligible veteran, not already enrolled, in any course (other than one offered pursuant to subchapter V or subchapter VI of this chapter) which does not lead to a standard college degree and which is offered by a proprietary profit or proprietary nonprofit educational institution for any period during which the Administrator finds that more than 85 percentum of the students enrolled in the course are having all or part of their tuition, fees, or other charges paid to or for them by the educational institution or the Veterans' Administration . . ." (The 85 percent enrollment rule).

To implement the 85 percent enrollment rule VA required the affected schools to certify, when each new veteran enrolled, that the veteran/non-veteran ratio for that course was not in excess of 85:15. In addition, VA compliance surveys by regional offices determine whether the 85:15 ratio was being exceeded. State agencies have no responsibilities for implementing this rule.

CONFUSION OVER THE DEFINITION OF A VA SUBSIDIZED STUDENT

None of the 13 courses we reviewed appeared to be in violation of the 85 percent enrollment rule. However, three schools had used what appeared to be questionable criteria in determining VA subsidized students for calculating the 85:15 percent ratio.

For example, one correspondence school defined a VA subsidized student as one for whom lessons had been certified to VA for payment. Veterans who were newly enrolled and had not yet had lessons certified to VA would be counted as non-subsidized under the school's definition. School officials told us that a lag of up to 4 months could occur before a newly enrolled veteran would have lessons certified to VA and be counted as a VA subsidized student. The school's definition of a VA subsidized student was based on its interpretation of the description of such students in Public Law 93-508 as "having all or part of their tuition, fees, or other charges paid to or for them by the educational institution or the Veterans' Administration . . ." School officials believed that until the school had certified one or more lessons to VA for payment, the student had not actually had anything "paid" by the VA, and there was no assurance that he ever would.

Another correspondence school classified students as VA subsidized only during the period that they received VA benefits. Students with only enough VA eligibility to cover part of their tuition were counted as being VA subsidized only as long as they received VA benefits. When such benefits were exhausted, they were counted as non-VA subsidized for computing the 85:15 ratio. The school also considered students who have completed a course and received VA benefits for the full tuition as currently enrolled non-veterans if they had not yet paid all of their tuition to the school.

For flight schools, VA requires a daily flight record be maintained, which clearly shows the number of hours of flight instruction or the charges for the instruction given to VA and non-VA students. A flight school cannot enroll a veteran if the total hours of veteran instruction or charges in approved courses during the 30-day period immediately preceding the date the veteran enrolls exceeded 85 percent of the total hours or charges for all students for that course.

At one flight school the hours flown were recorded on the log either as part VA subsidized and part non-VA subsidized, depending upon how the students indicated they planned to pay—whether they would certify the hours to VA for payment or pay for the flight instruction on their own.

We discussed the above situations with VA central office officials, and as a result, VA's office of general counsel is presently working on a definition of a VA subsidized student to be used in calculating the 88:15 ratio.

NEED TO CLARIFY SCHOOLS' RESPONSIBILITIES REGARDING CALCULATIONS OF RATIO

Four schools had not, each time new veterans were enrolled, calculated their course enrollment to assure compliance with the 85 percent enrollment rule. Officials of all four schools told us that they were aware that they were certifying compliance with the rule without making the calculations, nonetheless, they were sure their courses met the requirement and did not consider it necessary to calculate and document the ratio. VA officials told us that there is no current requirement for schools to document the ratio calculation.

CONCLUSIONS

VA has not properly implemented the 85 percent enrollment rule because it has not fully defined (1) a VA subsidized student or (2) a school's responsibilities in calculating the 85:15 ratio and retaining documentation to support its compliance with that rule.

RECOMMENDATIONS TO THE VA ADMINISTRATOR

To help insure adequate implementation of the 85 percent enrollment rule, we recommend that the Administrator define:

a VA subsidized student for purposes of calculating the ratio of veterans to nonveterans.

a school's responsibility for making the ratio calculations and documenting their compliance with the rule.

COURSE CHARACTER AND ADVERTISING PROVISIONS

Sections 203(2) and 207(2) of the act amended 38 U.S.C. sections 1673(a)(3) and 1723(a)(3) to provide that the Administrator shall not approve the enrollment of an eligible person in any type of course which the Administrator determines to be avocational or recreational in nature or the advertising for which he believes contains significant avocational or recreational themes. This type of course will be approved only if the eligible person submits justification that the course will be of bona fide use in the pursuit of his present or contemplated business or occupation. (The course character provision.)

In addition Section 212(a) of the act provides:

"The Administrator shall not approve the enrollment of an eligible veteran or eligible person in any course offered by an institution which utilizes advertising, sales, or enrollment practices of any type which are erroneous, deceptive, or misleading either by actual statement, omission, or intimation." (The advertising provision.)

IMPLEMENTATION OF THE COURSE CHARACTER AND ADVERTISING PROVISIONS

Requirements

On the survey form (see appendix I) graduates indicating they were unavailable for employment were asked why. One of the possible answers was "I took the course for personal enrichment, avocational, or recreational purposes only (not under the G.I. Bill)." According to survey instructions, if VA feels that a significant number of respondents gave this answer, VA was to contact the school, and the school was to prove that the course was not avocational or recreational.

To implement the advertising provisions VA entered into a formal agreement with the Federal Trade Commission (FTC). Under certain circumstances VA was to refer advertising material to the FTC which was considered erroneous, deceptive, or misleading. The FTC was to conduct an investigation, when necessary, and decide whether the advertising, sales, and enrollment practices in question were actually erroneous, deceptive, or misleading.

VA'S DETERMINATION OF WHETHER A COURSE IS AVOCATIONAL OR RECREATIONAL

We reviewed the employment survey forms for each of the 13 courses and noted that in one course, 177 of the 364 questionnaire respondents stated they took the course for personal enrichment, avocational, or recreational reasons. As of September 1976, 8 months after the survey report was received, the regional office had taken no action to require the school to prove the course was not avocational or recreational. When we telephoned a sample of graduates from the course to verify their responses, we found an additional 19 graduates from a sample of 44 who had initially responded in another questionnaire category, who took the course for personal enrichment, avocational, or recreational reasons. Thus, over half of the graduates took the course for such reasons.

In our opinion, the phrase, "not under the G.I. Bill" cautions recipients of G.I. Bill benefits to choose one of the other responses on the questionnaire. This in turn will understate the personal enrichment, avocational or recreational response and overstate other responses.

We discussed our observations with VA central office officials who said that the VA had no established standard for determining whether a course is avocational or recreational. We suggested that it establish a standard. VA revised its instructions so that if 50 percent of the persons surveyed indicate on the questionnaire that they took the course for avocational or recreational purposes, the school would be required to prove that the course was not avocational or recreational in nature. We did not agree with this revison and believe that VA should consider the number of questionnaire respondents rather than the number of persons surveyed. VA officials agreed to reconsider their criterion for judging when a course should be considered avocational or recreational.

We also discussed with VA our opinion that the phrase "Not under the G.I. Bill" encourages veterans to respond in a category other than "Personal Enrichment, Avocational, or Recreational." In accordance with our suggestion, VA revised the form to omit the parenthetical expression.

AVOCATIONAL AND RECREATIONAL THEMES IN ADVERTISING

At each of the 13 schools visited, we verified, the accuracy of advertising claims regarding:

The size or experience of the school,
The school's affiliation with well known companies or training programs,
The availability of expert instructors, guest lecturers, or teaching aids,
Availability of school placement services,
Employment opportunities or expected earnings, and
Success of former students in finding related employment.

We also reviewed all advertising material for avocational or recreational themes. Of the 13 courses, we noted only one that had avocational and recreational themes in some of its advertising.

This advertising had the following phrases:

"why pay repair bills, when you can learn to fix your own car at home, in your spare time" and "30 lesson tune-up course is a basic repair course that will save you a lot on your car upkeep."

We discussed with the school and VA central office officials the advertisements containing avocational and recreational themes, and the school officials agreed to change the advertisements. VA officials said they were aware of the particular school and course advertisements and were taking steps to have them corrected.

NEED FOR SYSTEMATIC REVIEW OF SCHOOL ADVERTISING

Regional and State agency officials said they would object to misleading claims or significant avocational or recreational themes which they identified while reviewing advertising. However, neither regional nor State agency officials had a continuing program to collect and review school's advertising. They said that, in general, action was taken when the regional office or the State agency received complaints from students about advertising or they otherwise became aware of questionable advertising matter.

VA central office officials recognized that this was a problem, but they told us that they had no plans to correct it.

CONCLUSIONS

We believe that VA has not adequately implemented the course character and advertising provisions. This belief is supported by the following:

VA had no standard to determine what percentage of responses indicated that a course was avocational or recreational. As a result of our review, survey instructions were revised to indicate that the nature of a course was personal enrichment, avocational, or recreational when 50 percent or more of the persons to be surveyed indicated that they took the course for one of those reasons. We do not agree with this revision. It would be more meaningful to base a percentage on the number of persons responding to the questionnaire. Also, we believe that 50 percent may be too high a standard.

VA did not have a system to collect, review, and analyze advertising material, so it could not adequately identify which advertising should be referred to the FTC.

RECOMMENDATIONS TO THE VA ADMINISTRATOR

To help insure adequate implementation of the course character and advertising provisions of the act, we recommend that the Administrator:

Determine whether (1) a course is avocational or recreational on the basis of the number of questionnaire respondents rather than on the number of persons surveyed and (2) a lower percentage for the standard is more reasonable.

Establish procedures to systematically collect, review, and analyze advertising material to facilitate monitoring of school advertising.

Mr. HARTKE. Mr. President, a number of staff people have worked long hours to help fashion the bill which is before you today. While it is not possible to name them all, I particularly want to mention the work of committee staff members Guy H. McMichael III, Jack Wickes, Harold Carter, Cindy Prather, and Janese Kennedy. Tyler Craig, Gary Crawford and Jim Medina of the minority staff were also invaluable in helping the Committee arrive at its consensus. As usual, Hugh Evans, Senior Counsel, Legislative Counsel's Office, brought his expertise to bear on this bill, and prevented us from a number of errors which we might otherwise have made. Veterans' Administration staff members were of great assistance to the Committee. In particular I want to point the outstanding technical assistance rendered by Robert Dysland, Andrew Thornton, June Schaeffer and Myron Wolowitz. The General Accounting Office prepared a number of reports which were of assistance to the Committee, and in particular, I want to cite the work of Harry Johnson. Bill Robinson and Ilona Rashkow of the Congressional Research Service, were also of great assistance to the Committee in its development of chapter 32, and in supplying background research material.

Mr. GARY HART. Mr. President, I am proposing amendment No. 2318 to S. 969 to amend title 38, United States Code, sections 211(a) and 3404(c) to provide for the judicial review of administrative actions of the Veterans' Administration and to allow veterans full access to legal counsel in proceedings before the Veterans' Administration.

The Veterans' Administration differs from other Federal agencies in that its regulations and most of the resulting adjudicated decisions on individual cases are not subject to the scrutiny of the Federal courts. Under title 38, United States Code, section 211(a) the Veterans' Administration is insulated from judicial review, thus denying veterans and their dependents or survivors access to due process of law on decisions of benefit eligibility.

Adjudication of VA benefits falls mainly within two areas: disability eligibilities and pension eligibilities. In each instance, a local three-member rating board, made up of VA employees, determines the veteran's eligibility and level of disability payment. The only recourse for a veteran desiring to challenge this determination is an appeal to the Board of Veterans' Appeals, also composed of VA employees in Washington, D.C. The decision of the Board is final and unless new and material evidence is presented, the case is closed. At no point in the process are there provisions for review of VA regulations and adjudicative decisions by persons outside the agency.

Most Federal agencies are subject to the Administrative Procedure Act (title 5 U.S.C.) which allows judicial review of final administrative actions. Under section 701 of that act, "a person suffering a legal wrong because of agency action, or adversely affected or aggrieved by agency action within the meaning of a relevant statute" can seek judicial recourse. The court can determine whether the agency observed the statutory requirements and adhered to constitutional requirements in its application of administrative procedures.

For example, the Social Security Administration, which uses procedures similar to the Veterans' Administration's in establishing disability claims, is covered by the Administrative Procedure Act, and thus its decisions are ultimately subjected to the scrutiny of the Federal courts.

Although veterans may be represented by attorneys in proceedings before the Veterans' Administration, section 3404(c) of title 38 limits attorneys' fees to $10. The fee limitation, which was implemented more than a century ago in the best interest of the veteran, now imposes a severe burden on veterans seeking just treatment. Less than 2 percent of the claimants appealing to the Board of Veterans' Appeals are represented by legal counsel. Currently, veterans can obtain assistance without charge in the presentation of their claims before the Veterans' Administration from national veterans service organization representatives and VA counselors. In most cases, the assistance provided by these counselors is of sufficient quality and provides the VA Rating Board with sufficient evidence to render a fair and equitable decision on the claim. However, if a veteran desires the representation of an attorney in these proceedings, the prohibitive fee restriction of $10 places severe restraints on this right.

I believe this de facto prohibition of legal representation may be a denial of the veteran's right to due process as provided by the fifth amendment. Veterans who desire outside legal representation in VA proceedings should be able to exercise that right. In this regard, too, the Social Security Administration offers a far better system. Although it was also once bound to the $10 fee limitation, that agency long ago instituted a sensible formula to determine reasonable attorney's fees on a case-by-case basis. Legal representation more than doubled as a result. It is time for the VA to follow suit.

Mr. President, opponents of this proposal argue that opening the VA to judicial review would flood the Federal courts with cases. That claim, however, is baseless.

The Veterans' Administration does process tens of thousands of benefit claims annually, but a review of the statistics shows that the Board of Veterans' Appeals, the final reviewing body for disputed claims, handled only 43,000 cases, or a fraction of the original number, in fiscal year 1975. Of these, 26,000 were reversed or remanded to the local rating boards for their reconsideration. This left approximately 17,000 cases which could have been brought before Federal courts for review. This number would likely be even smaller because of the financial burden of litigation and the refinement of the internal claims adjudication procedures of the VA. It must also be pointed out that the veteran must exhaust all internal administrative remedies and follow the procedures set forth in the Administrative Procedures Act before a case can be brought before the Federal judiciary.

The real issue, however, is clear. Do we deny the American veteran access to judicial review because Congress feels justice is too expensive or would increase the work load of our judicial system? I think not.

Some opponents to the concept of judicial review of VA decisions also say that such issues as disability compensation and benefit eligibility are too technical for the courts to review. But that argument ignores the fact that most other agencies such as the Social Security Administration with its complex and technical regulations, are subject to independent review by the courts of their adjudicative procedures. Furthermore/ the Federal court, under the guidelines of the Administrative Procedures Act/ would only entertain appeals for the review of a final VA action if it is alleged that the final action: First, is arbitrary and capricious; second, is an abuse of discretion; third, is an excess of statutory jurisdiction; fourth, failed to observe the procedure as required by law; or fifth, was otherwise unlawful.

Still another argument against judicial review is that it would destroy the uniformity of VA decisions. It is my belief that an independent review of VA regulations, under the provisions of the Administrative Procedures Act (Title 5 U.S.C. sections 556 and 557), and review of individual VA adjudicated decisions will only improve the uniformity of the decisionmaking process.

My research has exposed a marked disparity between VA regional offices in decisions handed down in veterans' cases. For example, the Denver Regional Office has indicated that in the adjudication of other-than-honorable discharge cases in 1975, only 10 percent were ruled eligible for benefits while the Minnesota VA Regional Office ruled that 25 percent of those veterans with other-than-honorable discharges were eligible for VA benefits.

This evidence appears to indicate a current lack of uniformity of VA decisions within the system. If judicial review were granted, more uniformity of the VA procedures—not less—would be the result, and this would strengthen the adjudicative process.

Although the VA now publishes its proposed rules and regulations, which ultimately govern its administrative and adjudicative procedures, it is not required to do so under Federal statute. Once these regulations become final, they are not subject to the scrutiny of the Federal judiciary. Therefore, the Veterans' Administration not only writes its own rules and regulations, but they are immune from the public and judicial review that most other Federal agencies are subject to under law. Once the VA renders a final decision on the case, that decision is final. To the veteran, this means that not only are the administrative decisions which determine his benefit eligibility exempt from court review, but so are the regulations and procedures which shape those decisions. There is no avenue for appeal outside the agency.

Mr. President, I believe a fundamental issue before Congress today is the accountability of Federal agencies. To deny a citizen access to an attorney, and also to isolate a Federal agency from the scrutiny of the Federal courts goes against the very principles of our constitutional system.

We must protect our citizens from the potential of arbitrary and capricious agency action.

Mr. HARTKE. Mr. President, my distinguished colleague from Colorado (Mr. Hart) has incisively analyzed the questions of statutory preclusion of judicial review of Veterans' Administration determinations and the statutory limitation of $10 on attorneys' fees. As a Senator, and, parenthetically as a lawyer, I, too, am concerned that determinations of eligibility for veterans' benefits are made in a manner consonant with our notions of due process. As you know, any constitutional question concerning veterans' benefits, including denial of due process, is subject to judicial review in our Federal court system. Veteran benefit questions, which are not of a constitutional nature, are not subject to such review, however.

The questions raised by the hard working Senator from Colorado are important ones. Thus, I want to thank him for bringing these views to the floor and for once again displaying his active concern for all veterans. Unfortunately, the committee has not had the opportunity to examine these complex issues with the requisite care demanded.

The issues raised are not simple. For example, we do not know what impact the Senator's amendment would have on the workload of the Federal court system. Last year, the Board of Veterans' Appeals decided over 43,000 cases. Efforts to resolve the questions raised by my distinguished colleague would be appreciably enhanced were the committee given an opportunity to consider the implications and ramifications of this or alternative proposals during the next session.

It would be my intention that included as part of that examination would be full-scale hearings during which all interested parties would be afforded an opportunity to testify. These would include representatives of the Veterans' Administration, the Justice Department, bar association, national veteran organizations, as well as interested citizens. It would both be appropriate and necessary to offer these groups and individuals the opportunity to express their respective opinions as to whether and to what extent there should be judicial review and limitations on attorneys' fees. Because the committee has not had an opportunity to explore these issues in depth and because the House committee could also be expected to object to such a provision without hearings, I wonder if the

Senator would withhold his amendments upon the assurance that full-scale hearings will be held in the next session of Congress on the issues which have been raised.

Mr. GARY HART. Mr. President, I know that it is important to offer interested parties the opportunity to express their views on the questions. As I have previously stated, these are important and far-reaching questions—potentially millions of veterans would be affected by whatever determination Congress makes. Thus, with the assurance from the chairman that the committee will hold comprehensive hearings concerning these issues next session, I will withhold my amendment.

Mr. HARTKE. Mr. President, I appreciate the junior Senator from Colorado withholding his amendments. As a starting point in the examination of the issues raised by Senator Hart, I ask unanimous consent that the following law review article be printed in the RECORD.

There being no objection, the article was ordered printed as follows:

PRECLUSION OF JUDICIAL REVIEW IN THE PROCESSING OF CLAIMS FOR VETERANS' BENEFITS: A PRELIMINARY ANALYSIS

(By Robert L. Rabin*)

Power tends to corrupt, and absolute power corrupts absolutely. Lord Acton's aphorism has more than stood the test of time. Read in the context of administrative action, his admonition underlies the popular tendency to consider access to court a fundamental aspect of due process of law. In a much-cited case, *Abbott Laboratories v. Gardner*, the Supreme Court spoke in terms of a "basic presumption of judicial review of administrative action." [1] Although rarely a point of contention, that pronouncement has been enthusiastically reaffirmed in later decisions. [2] Indeed, wholly apart from the judiciary, a broad consensus undoubtedly exists that access to court ought to be guaranteed to those complaining of arbitrary treatment by administrative officials. Using the federal statutes as a measuring stick, one would search long and hard for an explicit congressional exemption of administrative action from judicial review. [3]

A sufficiently diligent search, however, reveals one striking instance of unfettered administrative discretion. The Veterans' Administration stands in splendid isolation as the single federal administrative agency whose major functions are explicitly insulated from judicial review. [4] And those functions are truly major, whether measured in dollar or caseload terms. In 1973, the agency expended $6.6 billion on almost 5 million active disability and pension cases, its two principal benefit-disbursing activities. [5] Moreover, the agency's activities are not limited to the rote performance of routine, nondiscretionary benefit determinations. In 1973, claimants filed over 50,000 appeals with the final arbiters in the administrative system. [6] Nor does the VA deal merely with a short-term spillover from our involvement in Vietnam. The rather startling fact is that even if we never engage in another war, the agency—if its present functions remain intact—will be engaged in the distribution of benefits a century from now. [7]

Like other high-volume benefit-distribution systems, the Veterans' Administration has largely avoided critical attention from reformers and academics. [8] The mainstream of interest in agency practices has focused primarily on the regulation of important commercial activities and the restriction of vital civil liberties. But in view of its significant impact on such a substantial number of individuals, the Veterans' Administration is simply too important to be written off as an insignificant part of the administrative system. [9]

The case for examining the operations of the VA is especially compelling in light of the agency's insulation from judicial review. Unreviewable administrative discretion, as suggested at the outset, can serve as a corrupting influence. Moreover, the absence of a forum for review reinforces the low level of visibility afforded any federal agency administering a massive benefit-distribution system.

Our starting point is the preclusion statute itself, which provides that:

> [T]he decisions of the Administrator on any question of law or fact under any law administered by the Veterans Administration providing benefits for veterans and their dependents or survivors shall be final and conclusive and no other official or any court of the United States shall have power or jurisdiction to review any such decision by an action in the nature of mandamus or otherwise." [10]

References at end of article.

This statute has proved to be a truly impressive barrier to judicial review, withstanding periodic forays in the judicial forum and the halls of Congress attempting to reduce it to rubble.[11] Indeed, the most recent congressional amendment to the VA statute sealed an opening deftly secured by the ingenuity of the Circuit Court of Appeals for the District of Columbia [12] and a 1974 Supreme Court opinion appears to provide additional fortification to the preclusion mandate.[13] Although the VA's isolation from judicial scrutiny may be anachronistic, it is hardly through political oversight.

The interesting question, of course, is whether explicit precision can be justified. The discussion that follows explores various aspects of that question, ranging from constitutional considerations to administrative practicalities. I would emphasize, however, that I view this Essay as exploratory in nature. While I state my conclusions on those issues that can be examined without exhaustive investigative data, my principle objective is to clarify the issues that require more detailed empirical work. At the same time I hope to achieve the broader goal of illustrating some of the tensions that exist between a high volume benefit-distribution system and our political-cultural notions of due process. But this Essay should be read as a preliminary rather than a comprehensive analysis of the VA's claims-processing system.

I. CONSTITUTIONAL DISCOURSE ON PRECLUSION

Despite its longevity,[14] the VA no-review provision was not construed by the Supreme Court until the 1973 Term. The case that finally brought section 211(a) before that Court, *Johnson v. Robison*,[15] involved a claim by a conscientious objector for educational benefits under the Veterans Readjustment Act of 1966. Because Robison had performed alternative civilian service, he was denied benefits on the grounds that he failed to meet the statutory requirement of service on "active duty." Attacking the constitutionality of the active-duty requirement, Robison argued that the statute denied his right to free exercise of religion and equal protection of the laws under the first and fifth amendments respectively.

The VA countered by seeking dismissal under section 211(a) as well as contesting his substantive constitutional claims. While the Supreme Court denied Robison's claim on the merits, it did grant him the right to judicial review, despite the language of section 211(a). The Court distinguished a constitutional attack on the statutory scheme from a contested individual benefit determination:

> [Section 211(a)] would appear to be aimed at review only of those decisions of law or fact that arise in the administration by the Veterans' Administration of a statute providing benefits for veterans. A decision of law or fact "under" a statute is made by the Administrator in the interpretation or application of a particular provision of the statute to a particular set of facts. Appellee's constitutional challenge is not to any such decision of the Administrator, but rather to a decision of Congress to create a statutory class entitled to benefits that does not include 1-0 conscientious objectors who performed alternate civilian service. Thus, as the District Court stated, "the questions of law presented in these proceedings arise under the Constitution, not under the statute whose validity is challenged."[16]

Unfortunately, this conceptual distinction between cases involving individualized application of the benefit provisions and those arising under the Constitution is considerably more troublesome than the Court was willing to recognize. Consider, for example, a disability claim by a veteran of wartime military service, which the VA contests on the grounds that the claimant's injury does not have the required service connection.[17] The veteran, on the other hand, argues that the agency denied his claim because of his postdischarge antiwar activities as a leader of Vietnam Veterans Against the War.

Obviously, the VA would contend that his claim "arises under" the statute, and is insulated from judicial review within the meaning of *Robison*. Presumably, the veteran would similarly cite *Robison* in support of his claim that the case "arises under" the Constitution—specifically, the first amendment guarantee of free speech. The fact that the target of the veteran's attack is not the exclusionary provision of a statute enacted by Congress serves as a dubious basis for distinguishing *Robison*. In the absence of other salient factors, why should an aggrieved party's access to a judicial forum turn on whether his first amendment protections have been abridged by a legislative classification rather than an administrative decision?

References at end of article.

Indeed, framing the question in first amendment terms in unduly restrictive. Consider a typical case where no "protected activity" is involved. The veteran's constitutional claim is that the administrator's refusal to recognize his injury as service connected is an arbitrary act, constituting a denial of due process law. Again, one confronts the question whether a hierarcy of constitutional claims ought to be established—a hierarchy that, by denying the claimant access to the courts, would tolerate administrative arbitrariness based exclusively on individualized factfinding determinations.

Having indicated how *Robison* fails to suggest a satisfying basis for distinguishing between statutory classifications and administrative benefit determinations, are we left with an unlimited access-to-court principle? First of all, asserting a constitutional compulsion to provide a judicial forum in benefit-distribution cases is not tantamount to proclaiming a generalized right to judicial review of administrative activity. Where administrative decisions are "committed to agency discretion" it may be that courts ought properly to leave administrative decisions unexamined. [18] But the search for analogues to the VA process does not lead in the direction of "political" decisions to close army bases or recognize foreign governments. Rather, the appropriate comparison is with other high-volume benefit-distribution systems such as AFDC and social security, where the right to judicial review has been largely unquestioned. [19]

Secondly, however, even when due process concerns are clearly raised by explicit preclusion, it is quite another matter to assert an unqualified right to judicial review. The possibility still exists that the case for preclusion can be salvaged by a strong showing of the unique costs of reviewability in this particular administrative system. And those costs must be assessed in the context of the distinctive risks of according finality to VA decisions if we are to make a meaningful determination of what process is due. [20] In the final analysis, I am suggesting that a full exploration of due process considerations requires an empirical analysis of the VA claims-processing system. [21]

In practical terms, however, the linedrawing effort in the *Robison* case indicates that the Supreme Court is unlikely to extend the access principle to veterans' benefit claims. Supporting evidence for this conclusion is offered by a Supreme Court decision in the previous Term. In *Ortwein v. Schwab*, [22] the Court by a 5-4 vote upheld Oregon's $25 appellate court filing fee in a case brought by a welfare recipient contesting the county agency's reduction of his old-age benefits. He argued that the filing fee denied him access in fact to judicial review. The Court disagreed, distinguishing the case from a contrary decision 2 years earlier involving divorce filing fees [23] on the grounds that no "fundamental interest" was at stake in *Ortwein*. [24]

Whether the majority would extend this reasoning to an absolute preclusion of review is uncertain, but the "fundamental interest" distinction is strongly reminiscent of the largely discredited rights-privileges dichotomy. [25] To heighten the uncertainty, the *Ortwein* majority went on to assert that the "Court has long recognized that, even in criminal cases, due process does not require a State to provide an appellate system." [26] The statement overlooks the fact that all the cases cited by the Court involved appeals from judicial decisions whereas Ortwein's basic argument was that he had been denied access to *any* court. [27]

The Court's hesitation to embrace a constitutional access principle must be read alongside an earlier view, Justice Brandeis' oft-repeated injunction in the *St. Joseph Stock Yards* case, that "the supremacy of law demands that there shall be opportunity to have some court decide whether an erroneous rule of law was applied; and whether the proceeding in which facts were adjudicated was conducted regularly." [28]

Perhaps the statement is inordinately broad, but in its simplicity it does state a common sense notion of elemental fairness. Indeed, it is the intrinsic appeal of the proposition that explains the lengths to which the Court has gone over the years to avoid expicitly holding that administrative bodies may be given final authority to determine important individual interests in liberty and property. On the other hand, an undoubtedly genuine concern for the ambiguities and complexities of the administrative system has restrained the Court from unreserved acceptance of the Brandeis principle.

Thus, the Court is unlikely to invalidate the VA statute by proclaiming an absolute due process right to judicial review. Indeed, if it holds to the dubious

References at end of article.

distinction enunciated in *Robison*, VA benefit claims may be insulated from judicial scrutiny in the foreseeable future. On the other hand, one may hope that the Court will decide to include the preclusion question within its prescription that particularized analysis of an administrative scheme is required to determine what process is due. [29] If so, an empirical analysis of the VA, focusing on the risks and benefits of administrative finality, seems essential. In fact, if such an analysis raises serious doubts about the wisdom of preclusion, it should be as relevant to Congress as to the Court.

II. PRECLUSION AND THE ADMINISTRATIVE PROCESS

A. The system on paper and the system in action: An overview

Disability and pension cases generate the bulk of the contested claims for benefits. [30] Since the major concern of this Essay is with the processing of contested claims, it will focus exclusively on those categories, particularly the more troublesome disability claims. [31] A veteran is eligible for compensation payments, even if only partially disabled, where he can establish a "disability resulting from personal injury suffered or disease contracted in line of duty . . . in the active military, naval, or air service. . . ." [32] Included within this category are preexisting injuries aggravated by activity while in the military service. [33] Moreover, the injury or disease need not be combat-related; it is sufficient for the injury to have occurred while serving in any capacity in wartime service. [34]

To qualify for compensation under the pension program, a veteran must establish total and permanent disability, as well as an income falling below a prescribed level. [35] While such disability is presumed at age 65, a younger veteran must actually establish the existence of his incapacity. [36] Similarly, dependents of a deceased veteran may qualify for coverage under the pension program if they meet the standard of economic need. [37]

The VA has a highly decentralized system for processing benefit claims. [38] Under both the disability and pension programs, eligibility determinations are made by local rating boards in the regional offices, applying statutory rating schedules that establish degrees of disability in 10-percent increments, ranging from 10 percent to 100 percent. [39] The rating boards are 3-member panels, consisting of a doctor and either two legal specialists or a legal and a vocational specialist. In determining the merits of a veteran's disability claim, the board generally must answer two questions: whether the claimed incapacity is based on a service-connected injury or disease, and what disability rating will be assigned to the incapacity. [40]

A unanimous decision by a rating board is final, and if no grounds for reconsideration exist, the veteran has a right of appeal to the Board of Veterans Appeals. A nonunanimous decision goes to the regional Chief Adjudication Officer. If he agrees with the majority, the decision, again, is final and appealable at the option of the claimant; but, if the officer sides with the dissent, the decision is automatically certified to the Board of Veterans Appeals.

The Board of Veterans Appeals, located at agency headquarters in Washington, D.C., also sits in 3-member panels. In deciding appeals from the rating boards, the B.V.A. panels have access to specialized assistance, when deemed necessary, from the Chief Medical Director of the VA, or from independent specialists at medical schools. Again, unanimous decisions of B.V.A. panels are final, but if a dissent is registered, the Chairman of the B.V.A. must review the case. If he sides with the majority, finality is achieved. Otherwise, he designates an additional panel to consider the case along with the original panel; the majority vote of the enlarged 6-member panel then decides the case, with the Chairman again voting in case of a deadlock.

The veteran is entitled to a hearing at both stages, before the rating board and before the B.V.A. In fact, the B.V.A. has traveling panels which hold hearings at many of the regional offices on an annual basis. Whether the veteran participates in a hearing or not, both the B.V.A. and the rating board are required to reopen the case if the veteran can establish that he has new evidence to present. And, if an appeal is taken, the rating board customarily reconsiders the record before certifying it to the B.V.A.

With this capsule view of the formal process in mind, some central characteristics of the system in action may be considered. The overwhelming majority of

References at end of article.

cases are decided without formal hearings. During 1973, for example, the B.V.A. disposed of 29,825 appeals while holding only 971 formal hearings. [41] More than two-thirds of these appeals were denied or dismissed. [42] While no official statistics are available, VA officials suggest that the vast majority of claims determined by local rating boards are similarly decided without a hearing. [43]

When requested, however, both the rating boards and the B.V.A. hold hearings. Nonadversarial in nature, with no advocate appearing in opposition to the claimant, the hearings basically are designed to let the ex-serviceman tell his story with the assistance of any witnesses he wishes to present. By regulation the administrators are instructed to grant the claim unless a reasonable doubt exists as to its validity. [44]

To make matters more concrete, let us take the case of a hypothetical claimant. Suppose a veteran of the Vietnam War, honorably discharged from active service in 1971, claims disability benefits on the basis of an ulcer initially diagnosed in 1974, but which he firmly believes originated during his period of military service. Accordingly, he fills out the appropriate forms and applies for disability benefits at his regional VA office. He encloses an examination report and supporting letter from his personal physician, suggesting somewhat equivocally that the ulcer may have originated during the period of military service.

By regulation, many chronic diseases, including peptic ulcers, are subject to a 1 year presumption; more specifically, the occurrence of a disease that is at least 10-percent disabling within a year of discharge from the military creates a rebuttable presumption that the ailment is service connected. [45] At the time the claim is filed, the rating board automatically sends for the claimant's armed services health record, which, let us assume, shows no evidence of treatment for a condition likely to result in an ulcer. He is also sent to a VA hospital for an examination, which similarly provides no positive evidence on the service-connection issue. Since the presumptive period has run, the board informs our hypothetical claimant that his claim is denied. If he has no additional evidence to offer, his next step is either to request a hearing or to trigger the appeals process by filing a Notice of Disagreement with the rating board.

By this time the claimant is almost certainly aware of the single most distinctive characteristic of the VA process; the availability of assistance from military service organizations. For many years, the major service organizations, including the American Legion, the Veterans of Foreign Wars, Amvets, and a number of other smaller veterans' associations have played an indispensable role in the administration of veterans' claims cases. By congressional charter, these service organizations provide free assistance, through their certified service representatives, to claimants seeking benefits from the VA. Indeed, only a certified service representative, or an attorney, may represent a veteran before the rating board and the B.V.A. And, since the fee an attorney can collect in a claims case is limited by statute to $10, lawyers have been effectively frozen out of the process. [46] Hence, the disability claimant either represents himself or seeks assistance from a service representative.

However, there are real limitations on the claimant's capacity to represent himself. Most importantly, perhaps, he is denied access to his personal file, including his military service health record. Frequently, crucial aspects of the case turn on the veteran's military service record, which includes a complete rundown on every reported health problem experienced by the claimant while in the service. Obviously, such a record is vastly more precise than the claimant's dim recollections based on inexpert personal assessment. By contrast, when authorized by the veteran, a service representative is granted full access to these records.

Apart from the problem of access to the records, most claimants are wholly inexperienced at assembling and interpreting medical evidence or arguing a case; the service representative, on the other hand, is a professional. Moreover, the claimant may find it inconvenient to appear before the rating board, and he will almost certainly encounter difficulties in appearing before the B.V.A., particularly if he cannot be placed on its limited local hearing docket. In contrast, the service organizations maintain their offices in VA headquarters and, consequently, are available on a routine basis for any required formal appearance in a case. Most critically, the claimant deals with a faceless bureaucracy; the service representative, on the other hand, is linked into an established network of informal contacts with the administrators.

References at end of article.

Let us return now to our serviceman with the peptic ulcer. Probably, either through word-of-mouth or close reading of the application form for compensation, he was aware of the service organizations when he filed his claim. In any event, he is virtually certain to become cognizant of their role prior to a personal appearance—if from no other source, then from the VA officials with whom he deals. Clearly, compelling reasons exist for requesting assistance from a service representative; representation is highly professional, free of charge, and imposes no obligations. The chances are that our claimant will forego the opportunity of handling his own case.

The service representative's first step is to exhaust all administrative remedies at the local level. These are predominantly informal. An experienced service representative will personally review a case with the rating board pointing out why he thinks they are taking an unreasonably harsh view or suggesting why they ought to gather further information. Most cases are so resolved, through discussion rather than hearing.

If the case cannot be satisfactorily concluded, the representative will suggest that the claimant file a Notice of Disagreement, thereby triggering his appeal. The rating board will respond with a Statement of the Case, a largely conclusory statement of its reasons for denial. If the claimant remains unsatisfied, he files an appeal. The rating board then takes a last look at the case before certifying it to the B.V.A.

If the claimant is represented by a service organization with representatives at central VA headquarters, informal negotiations will resume in that forum. Indeed, even before a B.V.A. panel is assigned, the Washington service representative will receive the claimant's file. And, whether the service organization has a national office or not, it is given the opportunity to insert detailed comments in the file, in anticipation of B.V.A. consideration.

If the B.V.A. upholds the rating board, the appeals process is exhausted, and judicial review is unavailable. But perhaps the claimant has received a sufficient amount of attention; perhaps there is no need for further review. It is to that question that we now turn.

B. The troublesome aspects of preclusion

For better or worse, the VA benefit-distribution system represents a significant departure from the prevailing norms of procedural justice incorporated in the common law, adversary model. In most cases, the claimant is confronted with two alternatives, both of which breach the due process model. On the one hand, he can represent himself in a decisionmaking process in which he has limited access to relevant information, insubstantial contact with the deciding officials, no discernible adverse party, and no opportunity for judicial review. Or, on the other hand, he can retain a service representative who has virtually unlimited access to data, and absolute freedom to initiate ex parte contacts with the decisionmakers.

Let us examine these two alternatives, with primary emphasis on the problem of precluding access to the courts. If a claimant decides to represent himself—a situation that occurs with surprising frequncy [47]—one can easily imagine a scenario that makes the absence of judicial review problematic. Putting aside the classic function of review as a check on the possibility of arbitrary official behavior, [48] a real question exists whether the claimant can effectively present his case for decision within the limits of the present system. Lacking access to his army file, with no skills of advocacy, without a clear sense of the value of obtaining additional evidence nor of the interpretation to be given existing, highly specialized information, the claimant may be hopelessly inept at presenting his case. Small comfort derives from the VA's assurances that it sees its mission as providing aid and assistance to veterans. [49] For the agency favorable disposition may be largely irrelevant if the claimant who represents himself must overcome serious handicaps to the effective presentation of his case.

Moreover, we need to know considerably more about the entire range of constraints on the decisionmakers. Rating board and B.V.A. decisions, for example, are subject to a sophisticated internal quality-control review that provides both individualized feedback to operating personnel and information used in the agency's promotion and demotion system. [50] Such constraints can have the effect of limiting the extent to which officials will liberally construe an inadequate paper record.

References at end of article.

It may be objected that the developing line of argument proves too much—that the only effective judicial safeguard against administrative inability to assess fairly the case of an unrepresented claimant is de novo judicial review—and that such a remedy would create an intolerable burden on the federal court. [51] It is beyond the scope of this preliminary analysis to choose between limited and de novo review. Even assuming, however, that de novo review would create an intolerable burden on the judicial system, [52] limited appellate review for "arbitrariness" would arguably have a highly salutory effect, encouraging the agency to establish general procedures that would ensure the construction of a record capable of withstanding the threat of judicial review.

But what price judicial review? Would we be opening the door, as both the VA and the service organizations fear, to the requirement of trial-type procedures in contested cases? This conclusion seems unwarranted. One must keep in mind that the critical issues in VA disability cases—service connection and degree of disability—do not rest to any important extent on determinations of credibility. Disputed claims generally involve conflicting inferences in medical reports or inconclusive evidence on occupational capabilities. Thus, a strong argument can be made that "hearings," in the sense of oral testimony or demeanor evidence, should not be woodenly regarded as essential elements of fundamental fairness.

If experiences shows that the VA decisionmakers can provide an intelligible rationale for their decisions on the basis of largely written evidence—typically, army medical records, subsequent medical history, and relevant lay testimony—then the courts are highly unlikely to judicialize the agency's procedures. [53] A court would be likely, however, to demand that an equally intelligible and persuasive basis for denial of benefits exist, whether the claimant was represented by a service organization or not.

Now, consider the other alternative: the claimant decides to put his case in the hands of a service representative. Would the compulsion to require judicial review still exist in this situation? Again, let us put the everpresent possibility of arbitrary official behavior aside; [54] not on grounds of irrelevance, but to search for reasons specific to the VA system for favoring judicial review. To ascertain those reasons, we must take a closer look at the role of the service organization.

As indicated earlier, the service organizations are uniquely bound up in the administrative system. By signing the requisite power of attorney, a client provides his service representative with access to the claimant's army health records and any relevant supporting documents in the file. The established norms, emphasizing interchange, cooperation and mutual support, make it possible for the representative to probe informally the predispositions of the administrators assigned to a particular case, and to attempt to persuade agency officials to see the claimant's case in the most favorable light.

Service representatives rather quickly develop expertise in interpreting technical medical records and predicting the behavior of specific administrative officials. They are trained by experienced colleagues and introduced into the fraternity at an early date, where daily encounters with agency officials are the inevitable byproduct of the office-sharing arrangement. In fact, VA officials tend to regard the service representatives as partners in administering the system. [55]

Arguably, of course, experienced, informality, and mutual trust are indispensable attributes of a system designed to handle mass claims in an expeditious manner. Unfortunately, it is just this atmosphere of mutual supportiveness that generates concern over the absence of judicial review. Experience with other decisionmaking systems teaches that where the "advocate" develops loyalty and a sense of obligation to the decisionmaker as well as to his client, role conflict is inevitable. [56] The best interests of the client do not necessarily jibe with the perceived interests of "the system."

While the VA appears to be a strongly client-oriented organization, the fact is that in 1973, the B.V.A. alone denied more than 20,000 benefit claims. [57] In other words, the VA is confronted with an impressive number of demands that it regards as unwarranted. And, judging from the reversal rate on appeal, a very substantial number of difficult cases occur that require careful scrutiny. In 1973 alone, rating board decisions were overturned by the B.V.A. in 4,143 cases and remanded for further consideration in an additional 4,928 situations. [58] In total, disagreement arose between the rating boards and the B.V.A. in almost one out of three cases disposed of on appeal during the year. [59]

References at end of article.

The inevitable conclusion is that cases must arise fairly regularly in which the rating board and the service representative honestly disagree on the appropriate disposition. On a close question of the service-connected origin of a claim, does the veteran's interest sometimes take second place to the service representative's ongoing relationship with VA officials? After all, there will be other battles to fight in the future. Where the extent of disability is at issue, are disagreements compromised by splitting the difference in rating disputes? Where the service representative is satisfied with the proposed resolution of the dispute, how vigorous are his efforts to persuade his client that further contentiousness would be useless? And, do service representatives slacken their continuing efforts where claimants are regarded as overly persistent? These are questions that call for empirical answers, rather than mere speculation. But in the absence of a careful study, they raise unsettling issues about the absence of judicial review. [60]

Let me reiterate that I am not arguing for de novo review, nor am I suggesting the omniscience of attorneys or courts in ferreting out every instance of potential injustice. It is the deterrent effect of judicial review—its tendency to counter decisionmaking through private accommodation by encouraging a certain degree of arms-length formality—that is the salient characteristic here. The mere existence of a forum for review may indirectly benefit claimants who in fact never proceed beyond the agency, as well as those sufficiently aggrieved to consult a lawyer after exhausting all administrative remedies.

The existence of the preclusion statute cannot be explained solely by reference to logical arguments generated by its proponents. The VA and service organizations have strenuously resisted judicial review; but, one suspects, not entirely for disinterested reasons. Like the rest of us, the VA undoubtedly harbors an instinctive distate for the idea of formal supervision. Most administrators, one might guess, would prefer not to have their decisions reviewed, if that option were available. One would suspect that self-interest plays a role in the service organizations' resistance to judicial review, as well. Access to the courts is most likely perceived as the lawyers' entering wedge into the system, to be followed by formalization of the administrative process at the expense of the service organizations.

But it would be a mistake to dismiss the preclusion position as merely a product of effective lobbying by groups narrowly pursuing their own self-interest. Its proponents have formulated serious arguments, albeit in conclusory form, that demand refutation by advocates of judicial review. I have already discussed one such argument; that judicial review would inevitably lead to time-consuming and expensive trial-type administrative adjudication. [61] The other major arguments focus on the undesirable consequences reviewability would impose on the judicial system itself.

First, the VA has argued that judicial review would seriously overburden the courts. The B.V.A. has disposed of approximately 30,000 cases per year over the last decade, a staggering caseload sufficient in the past to dampen congressional enthusiasm for judicial review. In fact, however, about 10,000 of those appeals are reversed or remanded during a typical year; hence, if we assume that judicial review would not increase the number of appeals to the B.V.A., the potential judicial caseload is reduced to 20,000 per year. [62]

While this decrease would not be likely to raise congressional enthusiasm to a high pitch, more refined analysis of the caseload may suggest a further reduction of the potential burden on the courts. It is possible, for example, that virtually all of these cases are appealed only because it is essentially costless to do so. If that is true, correspondingly frivolous judicial appeals would be far less likely to occur for economic reasons. A specialized bar does not exist, nor would the highly decentralized pattern of claims be likely to generate one. In general, disability cases would require attorneys who were able to understand and interpret highly technical medical chronologies. Furthermore, if review were to be de novo, judicial rules of evidence would require validation of complex medical records by expert witnesses. All of these factors add up to a high cost of litigation, with fees dependent upon the successful outcome of the case. [63] Hence, it is far from clear that frustrated litigants would overwhelm the courts. [64]

Nor is Congress helpless to determine how wide the floodgates are to be opened. As implied above, the choice between de novo review and limited appellate review would impose differential costs on litigants, and consequently influence the size of the appellate docket. In addition, it would be possible to circumscribe

References at end of article.

the caseload by limiting jurisdiction to specific issues—such as service connection in disability cases. In sum, once we have detailed data on the types of cases likely to be appealed, the floodgates can be controlled by careful system design.

A second argument made by the VA goes to the competence rather than the capacity of the courts. The suggestion is that since benefit controversies tend to involve highly technical issues, turning on conflicting medical interpretations of specific factual circumstances, judicial review would serve no useful purpose.

Here the VA position appears to misconceive the role of judicial review. An argument can be made that the generalist federal district court judge would be severely hampered as a factfinder by lack of expertise. But the argument merely sets up a straw man; those who advocate de novo review anticipate a specialized court of veterans appeals. If jurisdiction were to be vested in the federal district courts, it would be true *appellate* jurisdiction—limited in scope, presumably, to reviewing for arbitrariness on the record. And, it is not unusual to provide for appellate review of technical findings of fact; indeed, judicial review of administrative action characteristically requires judges to review findings of highly specialized bodies.

Finally, one should not be overwhelmed by the notion of expertise in disability and pension determinations. Essentially, the service-connection issue involves establishing an activity-injury nexus similar to that classically encountered in statutory no-fault injury compensation schemes, as well as in common law tort cases where it appears under the rubric "cause in fact." While B.V.A. opinions are punctuated by highly technical language, the issue is basically whether the disease (or injury) either arose out of or was exacerbated by military service. Presented with somewhat more detailed elaboration of the typical medical reports and supporting findings of fact, as well as a discussion of related past precedents, courts would not face insurmountable obstacles in determining whether a given decision was arbitrary. [65]

III. A TENTATIVE APPRAISAL

My bias in favor of Judicial review is undoubtedly apparent. As a general proposition, the constraints and loyalties generated in a bureaucratic system create a potential problem of arbitrariness in the handling of individual cases. Moreover, bureaucratic specialization has its costs as well as its benefits; one who regularly decides hard cases of a certain kind can easily become case-hardened. Hence, my general presumption in favor of judicial review. In dealing specifically with the VA, I have focused on those aspects of its claims-processing system that seem to suggest distinctive reasons for concern about the preclusion of judicial review.

Safeguards, however, are costly, and judicial review is no exception. I have tried to indicate the inadequacies of the in terrorem arguments that either the VA or the courts would collapse if judicial review were allowed. But I have responded with a series of questions rather than a set of conclusions. On the existing information about the system, the case for access to court seems strong—sufficiently strong to cast a long shadow over the preclusion statute. The need for a detailed, systematic analysis of the VA claims-processing system is correspondingly apparent.

References

*B.S. 1960, J.D. 1963, Ph.D. 1967, Northwestern University, Professor of Law, Stanford University.

1. 387 U.S. 136, 140 (1967).
2. *See, e.g.* Citizens to Preserve Overton Park v. Volpe, 401 U.S. 402, 410 (1971).
3. *See* K. DAVIS, ADMINISTRATION LAW ch. 28 (3d ed. 1972); text accompanying notes 18–19 *infra*.
4. *See* 38 U.S.C. § 211(a) (1970).
5. ADMINISTRATOR OF VETERANS AFFAIRS, 1973 VETERANS ADMINISTRATION ANNUAL REPORT 63 (1974) [hereinafter cited as 1973 VA ANNUAL REPORT].
6. *See id.* at 177.
7. At the end of 1973, there were still more than 500 widows and children of Civil War veterans receiving compensation payments from the VA. *See id.* at 65. More importantly, past experience indicates that claims for disability benefits peak a number of years after a war; for example, World War II disability benefit claims reached a high point in 1952. *See* ADMINISTRATIVE CONFERENCE STAFF REPORT VA DISABILITY PROCEDURES 5 (1972)

[hereinafter cited as VA Disability Precedures]. Hence, Vietnam War claims can be expected to increase steadily in the near future.

8. One benefit-distribution system that has been extensively studied, however, is the Aid to Families with Dependent Children (AFDC) program of HEW. *See, e.g.*, J. Handler, The "Deserving Poor": A Study of Welfare Administration (1971); Rabin, *Implementation of the Cost-of-Living Adjustment for AFDC Recipients: A Case Study in Welfare Administration*, 118 U. Pa. L. Rev. 1143 (1970).
9. This is particularly true as we move into an era where a wide variety of social insurance proposals will raise troublesome questions of administrative design. If we are to have the benefit of experience in developing new systems for processing injury and accident claims, we should be evaluating existing schemes such as the VA.
10. 38 U.S.C. § 211(a) (1970).
11. For a discussion of the history of the provision, *see* Davis, *Veterans' Benefits, Judicial Review, and the Constitutional Problems of Positive Government*, 39 Ind. L.J. 183 (1964); Note, *Judicial Review and the Government Recovery of Veterans' Benefits*, 118 U. Pa. L. Rev. 288 (1969). Extensive hearings on the judicial review issue can be found in *Hearings on Judicial Review of Veterans' Claims Before a Special Subcomm. of the House Comm. on Veterans Affairs*, 86th Cong., 2d Sess. (1960) & 87th Cong., 2d Sess. (1962).
12. That court read the earlier statutory language precluding review of "a claim for benefits" as applying solely to *initial* claims. Hence, the court allowed review of termination cases. *See, e.g.*, Tracy v. Gleason, 379 F.2d 469 (D.C. Cir. 1967); Wellman v. Whittier, 259 F.2d 163 (D.C. Cir. 1958).

    The present language, *see* text accompanying note 10 *supra*, precludes review of "any question of law or fact" instead of "a claim for benefits" under the VA statute. Thus, termination cases are included with the preclusion ambit. The amendment was adopted in 1970. *See* 38 U.S.C. § 211(a) (1970).
13. Johnson v. Robison, 415 U.S. 361 (1974), discussed in text accompanying notes 15–16 *infra*.
14. Congress initially provided a specific preclusion of judicial review in 1887 for pension cases arising under the Tucker Act. *See Hearings on Judicial Review of Veteran's Claims Before a Special Subcomm. of the House Comm. on Veteran's Affairs*, 86th Cong., 2d Sess., at 2595 (1960).
15. 415 U.S. 361 (1974).
16. *Id., citing & quoting* Robison v. Johnson, 352 F. Supp. 848, 853 (D. Mass. 1973).
17. Disability benefits are payable only in cases where the veteran establishes that the injury or disease either rose out of or was exacerbated by military service. *See* 38 U.S.C. § 331 (1970).
18. The Administrative Procedure Act § 10, 5 U.S.C. § 701(a) (1970) provides: "This chapter [on judicial review] applies . . . except to the extent that—(1) statutes preclude judicial review; or (2) agency action is committed to agency discretion by law." The "committed to agency discretion" provision is discussed at length in Saferstein, *Non-reviewability: A Functional Analysis of "Committed to Agency Discretion,"* 82 Harv. L. Rev. 367 (1968). It is outside this scope of this Essay.
19. However, there has been no concrete opportunity to raise an analogous preclusion question with respect to other benefit-distribution schemes since judicial review has never been explicitly eliminated. For a details analysis of one such administrative system, *see* Dixon, *The Welfare State and Mass Justice: A Warning from the Social Security Disability Program*, 1972 Duke L.J. 681.
20. There is strong judicial support for the "flexible" concept of due process. *See* Goldberg v. Kelly, 397 U.S. 254 (1970). Perhaps the leading recent case on procedural due process, *Goldberg* held that a trial-type administrative hearing was required prior to termination of AFDC benefits. But the Court clearly stated that its conclusions were based on a balancing of the costs of such a hearing against the benefits. *Id.* at 256. In fact, in Arnett v. Kennedy, 94 S. Ct. 1633 (1974), six of the Justices split evenly on how the *Goldberg* balancing test should apply to the dismissal of a federal employee who alleged inadequate procedural protections; as a con-

sequence, the employee's dismissal without a trial-type hearing was upheld (the three remaining Justices regarded *Goldberg* as inapplicable and consequently considered the asserted due process concerns as unwarranted). Of course, these and similar administrative hearings cases do not involve the access-to-court principle, which could be regarded as a more fundamental aspect of due process. But the virtually infinite diversity of administrative systems makes it highly unlikely that the Court would be so bold as to announce an absolute due process bar to preclusion of judicial review. Most critically, one must be cognizant of the fact that there is no magic to the terms "court" and "agency." From a due process perspective, an "agency" process could be established that afforded most of the procedural safeguards that we traditionally associate with a "court." In other words, at some point the internal administrative procedural safeguards may be sufficient, when measured against the additional costs of compelling judicial review, to satisfy due process requirements without access to court. Because we strongly identify the Rule of Law with access to court, I would expect the Court to entertain a very strong presumption, on due process grounds, in favor of access; nevertheless, I would not foreclose the possibility that the presumption could be rebutted. In the few instances where Congress has enacted somewhat weaker versions of a preclusion statute, the Court has strained to avoid a direct confrontation on the question whether judicial review is constitutionally compelled. Thus, in Estep v. United States, 327 U.S. 114 (1946), the Court interpreted the language in the Selective Service and Training Act of 1940, making draft board determinations "final," to create only administrative finality. *See also* Shaughnessy v. Pedreiro, 349 U.S. 48 (1955), affording similar treatment to the administrative finality provision in the Immigration and Nationality Act of 1952. The most comprehensive examination of the constitutional right to judicial review is Hart, *The Power of Congress to Limit the Jurisdiction of Federal Courts: An Exercise in Dialectic*, 66 HARV. L. REV. 1362 (1953), discussing the circumstances in which article III, § 1, as well as the due process clause, might be taken to compel judicial review.

21. *See* note 20 *supra*. In the next Part, I attempt to identify with some precision the major questions that a comprehensive analysis of the VA would be obliged to consider.

22. 410 U.S. 656 (1973).

23. Boddie v. Connecticut, 401 U.S. 371 (1971).

24. *Id.* at 659. The Supreme Court's reluctance to extend procedural due process beyond its existing limits in welfare-type cases is demonstrated in a series of recent decisions involving the right to a pretermination agency hearing. The Court has carefully avoided extending the procedural safeguards granted to AFDC recipients in Goldberg v. Kelly, 397 U.S. 254 (1970), to either Social Security disability recipients or unemployment compensation recipients. *See* Torres v. New York Dep't of Labor, 410 U.S. 971 (1973); Indiana Employment Security Div. v. Burney, 409 U.S. 540 (1973); Richardson v. Wright, 405 U.S. 208 (1972). *See generally* Meyerhoff & Mishkin, *Application of* Goldberg v. Kelly *Hearing Requirements to Termination of Social Security Benefits*, 26 STAN. L. REV. 549 (1974).

25. In essence, the Court is saying that welfare payments are a gratuity, since its holding is predicated upon the notion that the recipient takes the benefits subject to limiting conditions attached by the state which do not attach to more "fundamental" types of interests. That distinction would be especially embarrassing in the veterans' benefits context, since the VA has made a sustained effort to educate its various constituencies to regard veterans' benefits as an entitlement rather than a form of charity—a "right" earned by service to the nation in a critical calling. *See, e.g.*, G. STEINER, THE STATE OF WELFARE 275 (1971). For a discussion of the rights-privileges distinction and a systematic argument regarding the injustice it has fostered, *see* Reich, *The New Property*, 73 YALE L.J. 733 (1964).

26. 410 U.S. at 660 (citations omitted).

27. The dissents are quick to make this point. *See id.* at 662 (Douglas, J., dissenting); *id.* at 665 (Marshall, J., dissenting).

28. St. Joseph Stock Yards Co. v. United States, 298 U.S. 38, 84 (1936) (concurring opinion).

29. *See* note 20 *supra*.

30. It is estimated that 80% of the cases appealed to the Board of Veterans Appeals fall into these two categories. *See* VA DISABILITY PROCEDURES, *supra* note 7, at 26. The VA also administers a variety of housing, educational, and insurance programs that provide assistance to veterans.

31. Steiner estimates that about one-sixth of the appeals to the Board of Veterans Appeals involve pension claims. *See* G. STEINER, *supra* note 25, at 276. Another researcher has estimated that while 80–90% of the pension claims are granted, only 40% of the disability claims are honored. VA DISABILITY PROCEDURES, *supra* note 7, at 25.

32. 38 U.S.C. § 331 (1970).

33. *Id.* § 353.

34. Disabilities incurred during peacetime service are also compensable, but at 80% of the amount that would be awarded for wartime service. *Id.* §§ 331, 334.

35. *Id.* § 521.

36. *Id.* § 502.

37. *Id.* §§ 541–43.

38. The following description of the system is based on information gathered in interviews conducted with VA administrative personnel, and on data gathered by the staff of the Administrative Conference of the United States. I would like to express my appreciation to the Conference for making available to me two internal staff reports prepared for the Conference, VA DISABILITY PROCEDURES, *supra* note 7, and ADMINISTRATIVE CONFERENCE STAFF REPORT; JUDICIAL REVIEW OF BENEFIT DETERMINATIONS IN THE SOCIAL SECURITY AND VETERANS ADMINISTRATION (1970). The conclusions reached in this Essay are my own, and should not be attributed in any sense to the Administrative Conference of the United States.

39. The rating schedules provide a highly detailed breakdown of injuries and diseases, based on experimental data collected by the VA. Disability ratings are scheduled on an objective scale, *e.g.*, "average impairment in earning capacity," rather than by individualized subjective standards. *See* 38 C.F.R. ch. 1, pt. 4 (1972). To provide some idea of the complexity of the schedule, consider the following ratings breakdown of bronchial diseases, reported at *id.* § 4.97: "*Bronchitis, chronic.* Severe; with dyspnea at rest or on slight exertion and considerable emphysema, 60. Moderately severe; persistent cough at intervals throughout the day, considerable expectoration, considerable dyspnea on exercise, rales throughout chest, beginning emphysema, 30. Moderate; considerable night or morning cough, slight dyspnea on exercise, scattered bilateral rales, 10. Mild; slight cough, no dyspnea, few rales, 0. *Bronchiectasis.* Pronounced; symptoms in aggravated form, marked emphysema, dyspnea at rest or on slight exertion, cyanosis, marked loss of weight or other evidence of severe impairment of general health, 100. Severe; with considerable emphysema, impairment in general health manifested by loss of weight, enemia, or occasional pulmonary hemorrhages; occasional exacerbations of a few days duration, with fever, etc., are to be expected; demonstrated by lipiodol injection and layer sputum test, 60. Moderate; persistent paroxysmal cough at intervals throughout the day, abundant purulent and fetid expectoration, slight, if any, emphysema or loss of weight, 30. Mild; paroxysmal cough, mostly night or morning purulent expectoration, 10. *Asthma, bronchial.* Pronounced; marked emphysema, attacks very frequent, dyspnea on slight exertion, between attacks, marked loss of weight or other evidence of severe impairment of general health, 100. Severe; moderate emphysema, frequent attacks (one or more weekly), marked dyspnea on exertion between attacks impairment in general health manifested by malnutrition, etc., 60. Moderate; slight to moderate emphysema, attacks rather frequent (10–14 day intervals), moderate dyspnea on exertion between attacks, 30. Mild; without emphysema, and occurring at widely separate intervals, 10. *Emphysema.* No separate rating; covered by basic condition."

40. The issues in pension cases are somewhat different. In that category, service connection ordinarily need not be established. However, where the claimant is the survivor of a veteran, establishing service connection results in a higher pension, so the issue is sometimes critical. Pension cases involving survivors also can raise a variety of legal-survivor-status questions that do not arise in disability cases.

41. 1973 VA Annual Report, *supra* note 5, at 99. Roughly one-third of the appeals were heard in the regional offices by traveling sections of the B.V.A.
42. *Id.*
43. VA Disability Procedures, *supra* note 7, at 99.
44. 38 C.F.R. § 3.102 (1972).
45. *Id.* § 3307(a)(3).
46. Less than 2% of the claimants appealing to the B.V.A. in 1973 were represented by an attorney. 1973 VA Annual Report, *supra* note 5, at 99.
47. Of the claimants who appealed to the B.V.A. in 1973, 22% represented themselves. *Id.* Almost certainly, an even higher percentage of cases dropped prior to appeal involve self-representation.
48. This function will be deemphasized only because the possibility of an arbitrary official decision—*i.e.*, one not based on rational inferences drawn from the facts of the case—is common to all administrative systems. Rather than downplaying the role of judicial review generally as a safeguard against such arbitrariness, I seek to highlight specifically troublesome aspects of precluding review in the VA context.
49. Agencies making determinations of entitlement do not have a history, by and large, of playing the role of advocate for their client groups; witness the HEW welfare bureaucracy and the Selective Service System. For a discussion of these respective agencies, *see* Rabin, *Implementation of the Cost-of-Living Adjustment for AFDC Recipients: A Case Study in Welfare Administration*, 188 U. Pa. L. Rev. 1143 (1970); Rabin, *Do You Believe in a Supreme Being: The Administration of the Conscientious Objector Exemption*, 1967 Wis. L. Rev. 642. It has been forcefully argued, however, that the VA perceives its mission primarily as a service organization for veterans, including those seeking benefits. *See* G. Steiner, *supra* note 25, at 275–76.
50. For a description of the VA internal audit system, *see* Mashaw, *The Management Side of Due Process*, 59 Cornwell L. Rev. 772 (1974).
51. Lay testimony might be relevant on issues of employability or overt pathological behavior, for example.
52. But it is questionable whether such an overload would in fact occur. *See* text accompanying notes 61–64 *infra*.
53. Other mass disability and status determination systems have long operated with informal nonadversary decisionmaking processes, and have successfully withstood due process attacks in the courts. Examples include: Social Security disability determinations, Immigration and Naturalization Service change-of-status determinations, and Selective Service System classification changes. Indeed, the Supreme Court has reiterated in a number of recent decisions its intension to treat procedural due process as a flexible concept when measuring the adequacy of specific administrative hearing procedures. *See, e.g.*, Richardson v. Wright, 405 U.S. 208 (1972); Richardson v. Perales, 402 U.S. 389 (1971).
54. *See* note 48 *supra*.
55. *See* G. Steiner, *supra* note 25, at 277–79.
56. The most frequently cited example is plea-bargaining practice in the criminal justice in the criminal justice system. For a particular harsh view of the practice from a sociological perspective, *see* Blumberg, *The Practice of Law as Confidence Game: Organization Cooperation of a Profession*, 1 Law & Soc'y Rev. 15 (1967). On the prosecutor's role constraints, *see* Rabin, *Agency Criminal Referrals in the Federal System: An Empirical Study of Prosecutorial Discretion*, 24 Stan L. Rev. 1086 (1972).
57. *See* 1973 VA Annual Report, *supra* note 5, at 99.
58. *Id.*
59. The B.V.A. disposed of a total caseload of 29,825 during 1973. A substantial number of appeals are closed by recommendation of the rating board prior to certification of the case to the B.V.A. In 1973, 9,803 cases were so decided. *Id.*
60. Moreover, I may be grossly oversimplifying the client-representative relationship by suggesting a twofold categorization of claimants, comprising those who seek representation and those who do not. In fact, it seems quite likely that substantial groups of veterans find the two alternatives almost equally disagreeable and almost randomly opt for one or the other. Intuitively, for example, one would suppose that a "new breed" of serviceman coming out of the Vietnam War would be less disposed than their

fathers or older brothers to be represented by the traditional service organizations. While those organizations have no membership prerequisites—indeed some, like the American Red Cross, are not exclusively veterans organizations—they do possess a longstanding politico-cultural identification that creates a reluctant client-representative relationship, at best. Similarly, one wonders how frequently black and other minority veterans—who constitute an extremely small percentage of service organization membership—seek representation, and whether background and cultural variables affect the nature of the relationship in these cases.

61. *See* text accompanying notes 51–53 *supra*.

62. 1973 VA Annual Report, *supra* note 5, at 99.

63. The treatment of attorneys' fees raises distinctive issues. For an example of a statutory resolution of the problem, *see* 42 U.S.C. § 406(b)(2) (1970) (attorneys' fees in Social Security disability cases). Obviously, an alternative to statutory treatment would be to let the market work out its own resolution of the issue.

64. A further refinement in analysis would take into account the real possibility that systematic differences exist in the likelihood of appeal, depending on the issues in controversy. For example, degree-of-disability cases frequently tend to involve relatively slight differences of opinion—and correspondingly limited dollar amounts in controversy—over the proper interpretation of the ratings schedule. *See* note 39 *supra*. On the other hand, service connection is an all-or-nothing issue; if the claimant fails to establish the required nexus, he receives no benefits. Correspondingly, the differing inferences drawn by the parties are more sharply defined in the latter situation. Hence, even assuming nonfrivolous administrative appeals, service-connection cases may be more likely to reach the courts than degree-of-disability cases.

65. Neither rating boards nor the B.V.A. adheres to a system of precedent. Opinions are not published and they are not generally circulated. The VA takes the position that every case is unique and must be decided on its own facts. If judicial review were instituted, the VA practice would undoubtedly be attacked in court. Thus, we encounter another set of questions on the agenda for empirical research: to what extent do the agency files indicate that generalized types of cases arise, and to what extent are those cases, in fact, decided in a similar fashion?

UP AMENDMENT NO. 525

Mr. Hartke. Mr. President, I send two amendments to the desk, one a joint amendment from Senators Griffin and Abourezk, and one on behalf of Senator Durkin. Both have been cleared on both sides of the aisle.

Mr. Robert C. Byrd. Mr. President, I hesitate to move from this desk, but I have to so that Senator Magnuson and others may see the Presiding Officer. My aides will have to come a little closer.

The Presiding Officer. The first amendment will be stated.

The legislative clerk read as follows:

The Senator from Indiana (Mr. Hartke), on behalf of Mr. Griffin and Mr. Abourezk, proposes an unprinted amendment No. 525.

The amendment is as follows:

On page 11, line 24, insert the following:

After the word "course" insert "or any course as set forth in clause (6) of Section 1789(b) of this title".

On page 12, line 5 strike all after the word "subsection" through the word "Welfare" on line 7 of page 12, and substitute therefor the words "in whole or in part".

On page 12, line 8, strike the last word "the".

On page 12, line 9, strike "eligible veteran" and substitute "eligible veterans and the government".

On page 46, strike out lines 11 and 12 and insert in lieu thereof the following: "is amended—

(1) by striking "or" at the end of clause (4) in subsection (b);

(2) by striking out the period in the end clause (5) in subsection (b) and inserting in lieu thereof "; or".

(3) by adding at the end of subsection (b) a new clause (b) to read as follows:

"(6) any course offered by an educational institution under a contract with the Department of Defense that (A) is given on, or immediately adjacent to, a military base; (B) is available only to active duty military personnel and/or their dependents and (C) has been approved by the State Approving Agency of the state in which the base is located", and

(4) by adding at the end thereof a new subsection (c) as follows:"

Mr. HARTKE. Mr. President, the first amendment is offered by the acting minority leader, Mr. Griffin, and by the junior Senator from South Dakota (Mr. Abourezk) and would modify the amendments the committee adopted with respect to the 85/15 rule. I would hope that my acceptance of this amendment is not construed as a comment on the wisdom of the committee's original action. It is late in the evening and it is necessary to make small changes in the bill as reported in order to assure that the overall improvements contemplated by the reported bill will come to pass. I believe that the committee amendments with respect to this proposed regulatory provision are sound in concept. This is not to say some modification would not be in order. Thus, I am prepared to accept the amendment. However, I wish this body to know that the committee will continue to scrutinize the operation of the veterans education program to include the close examination and evaluation of all educational institutions who have large numbers of veterans among their students.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

UP AMENDMENT NO. 526

The PRESIDING OFFICER. The second amendment will be stated.

The legislative clerk read as follows:

The Senator from New Hampshire (Mr. DURKIN) proposes an unprinted amendment No. 526.

The amendment is as follows:

At the appropriate place insert the following new section:

SECTION 214. (a) Section 1662(a) of title 38, United States Code, is amended by inserting "(1)" after "(a)" and by adding at the end of such section a new paragraph as follows:

"(2) Notwithstanding the provisions of paragraph (1), any veteran shall be permitted to use any of such veteran's unused educational entitlement under this chapter after the delimiting date otherwise applicable to such veteran, as provided in paragraph (1), if such veteran was enrolled as a full-time student and pursuing an approved course of education at the time of the expiration of such veteran's eligibility, or if such veteran was a part-time student at the time of the expiration of such veteran's eligibility and was receiving educational benefits, a loan, or compensation under any program provided for in the Omnibus Crime Control and Safe Streets Act of 1968. Notwithstanding any other provision of this chapter 36 of this title, any veteran whose delimiting period is extended under this paragraph—

"(i) may continue to use any unused entitlement under this chapter until such entitlement is exhausted, until the expiration of three years, or until the veteran has completed the approved course of education in which the veteran was enrolled at the end of the delimiting period referred to in paragraph (1), whichever occurs first;

"(ii) must pursue a program of education on a full-time basis unless such veteran is receiving educational benefits, a loan or compensation under a program provided for in the Omnibus Crime Control and Safe Streets Act of 1968; and

"(iii) shall be entitled to an educational assistance allowance equal to one-half the educational assistance allowance authorized for eligible veterans whose delimiting period has not expired or been extended by this paragraph.".

(b) The amendment made by subsection (a) of this section shall become effective upon the date of enactment of this Act, and apply to all veterans released from active duty after January 31, 1955.

Mr. HARTKE. Mr. President, the second amendment I offer on behalf of the junior Senator from New Hampshire (Mr. DURKIN). The amendment is similar to the amendment originally offered by myself, Mr. Stafford, the ranking minority member of the Subcommittee of Readjustment, Education, and Employment, together with Chairman Muskie of the Budget Committee on Senator Bellmon, the ranking Republican of that committee. In this connection, I ask unanimous consent that the colleague letter which we recently sent out be inserted in the Record at this point.

There being no objection, it was ordered printed as follows:

SEPTEMBER 27, 1976.

DEAR COLLEAGUE: During consideration of S. 969, the Veterans' Education and Employment Assistance Act of 1976, we plan to offer an amendment to permit a modified extension of the period of time following discharge or release from active duty during which a veteran can utilize GI bill benefits—the socalled "delimiting period."

As you are probably aware, commencing on May 31 of this year, all Post-Korean and some Vietnam era veterans lost eligibility for GI bill benefits as a result of the passage of the 10-year delimiting period. With each succeeding day, additional veterans are affected by the delimiting date. Many of these veterans, particularly Post-Korean veterans, did not initiate a program of education until recently and, thus, were unable to complete their studies within the 10-year period. This loss of VA educational benefits may prevent some of these veterans from completing their courses of study.

To ease the impact of the expiration of the delimiting period, our amendment would allow veterans who were enrolled in full-time training during their tenth and final year of GI bill eligibility up to an additional 2 years of eligibility or until the veteran has attained his educational objective, whichever is sooner. During the eleventh year, an eligible veteran would be entitled to benfits at half the rate of the monthly educational assistance allowance authorized for eligible veterans whose regular delimiting period has not expired. During the twelfth year, if needed, a veteran would be entitled to benefits at one-third the rate of the regular monthly assistance allowance. These veterans would also continue to be eligible for VA direct education loans up to $2,000 a school year under title 38, United States Code, § 1789, during their eleventh and twelfth years.

The amendment we propose to offer would, according to the Congressional Budget Office, have a fiscal year 1977 outlay of $224.3 million, decreasing to approximately $100 million in fiscal year 1981. Unlike other amendments being proposed to S. 969, this amendment would assure that the $19.5 billion outlay limit established by Congress in both the First and Second Concurrent Resolutions for veterans' benefits and services would not be exceeded.

Thus, our amendment is designed to afford assistance to those who have not completed their studies within the normal 10-year period while assuring that Congress keeps outlays within the Congressional budget limits it established for the veterans' function.

If you have any questions or would like to be a cosponsor of this amendment, please feel free to call Guy McMichael or Jack Wickes at 224-9126.

Sincerely,

VANCE HARTKE,
Chairman, Committee on Veterans' Affairs.
EDMUND S. MUSKIE,
Chairman, Committee on the Budget.
ALAN CRANSTON,
ROBERT STAFFORD,
Ranking Minority Member, Subcommittee on Readjustment, Education and Employment.
HENRY BELLMON,
Ranking Minority Member, Committee on the Budget.
WILLIAM ROTH.

Mr. HARTKE. Mr. President, I want to commend the Senator from New Hampshire for his persistence and tenacity in directing our attention to the problems faced by those veterans whose 10-year delimiting date has expired. As I have said before on this floor, I believe there is merit in extending the delimiting period. The problems which we previously faced, however, have been a result of the lack of sufficient funds allocated for function 700 in both the first and second concurrent resolution which could be utilized for this purpose. Based on recent downward reestimates of readjustment assistance benefits appropriated and needed for fiscal year 1977, it would appear that the amendment offered by the Senator from New Hampshire could now be accommodated within the limits set forth in the second concurrent resolution on the budget. I should note however, that the House of Representatives has somewhat different rules with respect to reallocating moneys from existing program appropriations to new program outlays. Thus, whether they will be in a position to act as we are doing today is open to serious question. Also, because opposition to this amendment remains strong in many quarters, I would be less than candid if I failed to acknowledge that the brief amount of time remaining before we adjourn requires, on the part of all, a liberal amount of give and take in order to assure that we can reach a consensus agreement quickly. So that there may be no question as to my past and current position with respect to the extension of the delimiting period, I ask unanimous consent that a statement I made earlier this year be inserted in the Record at this point.

There being no objection, the material is ordered printed as follows:

GI BILL EXTENSION: SUBSTANTIVE ARGUMENTS AND BUDGETARY REALITIES

Mr. President, on May 31, 1976, for the first time since the current GI bill program was initiated in 1966, veterans who served between 1955 and 1966, approximately 3.7 million, had their eligibility for educational benefits expire. Of this number 563,000 were enrolled in a program of education and were receiving VA benefits. Under existing law veterans have a 10-year period following discharge to utilize readjustment assistance benefits earned in military service.

Many of my colleagues have contacted me recently urging that the time period—known as the "delimiting period" in VA parlance—be extended either for a year, 2 years or for an unrestricted period of time. While there is considerable merit to some of the arguments supporting an extension of the time period I must be candid with my colleagues. Such a general extension of the delimiting period is highly unlikely because of a lack of support or active opposition from some quarters and because insufficient funds have been allocated to veterans' benefits and services in the fiscal year 1977 concurrent resolution on the budget recently adopted by Congress.

A brief examination of the background of this problem is instructive. GI bill benefits have been generally regarded as a readjustment assistance benefit to veterans which facilitated transition from military to civilian life. Consistent with the attitude that such readjustment should occur and benefits be utilized within a reasonable period of time following release from military service, the WW II, Korean conflict, and the present GI bill all have had statutory delimiting periods. Most World War II veterans had 4 years from the date they were separated from service to begin a program of education and 9 years or until July 25, 1956 to use their entitlement. Korean veterans had 3 years following separation from service to begin a program of education or training and 8 years from separation from service or until January 31, 1965 to use their entitlement. Under the law creating the current program (P.L. 89–358), veterans discharged after January 31, 1955—the date the Korean conflict officially ended—were allowed 8 years from June 1, 1966 or 8 years from date of discharge or lease, whichever was later, to complete their program of education. Under their counterparts in World War II and the Korean conflict no time limitation was imposed on the post-January 31, 1955 veterans for beginning their training.

In 1974, I sponsored legislation to extend this training period from 8 to 10 years. Despite administration opposition this was signed into law (P.L. 93–337) by then President Nixon. There were two principal justifications for this extension. First, Congress recognized unique circumstances differentiating these veterans from earlier World War II and Korean conflict GI bill trainees. Second, I believe Congress acknowledged a broadening concept of how and when GI bill benefits might be utilized to the advantage of the veteran and the Nation as a whole. In the first instance, eligibility for benefits for the 3.7 million post-Korean veterans, who served between 1955 and 1966 occurred retroactively in 1966. Thus veterans, who were not eligible for the GI bill upon their release from military service some as long ago as ten years previously were suddenly made retroactively eligible for GI bill benefits. None of these veterans received individual notification from the Government of their eligibility and many were thus not aware of the program. Initially, benefits were lower than the Korean conflict rates some 15 years earlier. The low benefit level, coupled with the fact that many veterans had taken jobs and started families, made it difficult for them to use their benefits. It was only following substantial benefit rate increases in 1972 and the initiation of active outreach by eligible schools that many of these veterans decided to enroll under the GI bill.

Many veterans also discovered their need for retraining or that their initial education was insufficient for them to make significant career advancement which illustrates the second factor mentioned. Two years later in 1974, congressional recognition of these factors led to enactment of an extension of the delimiting period to 10 years from May 31, 1966 or date of discharge, whichever was later. Shortly after enactment of Public Law 93-337, as part of President Ford's initial budget, the administration submitted proposals in January 1975 to repeal the extension and revert to an 8-year delimiting period. This request was repeated this past January and the President's budget for fiscal year 1977 assumes enactment of legislation which he estimates would reduce first-year expenditures in excess of $600 million.

The Subcommittee on Readjustment Education and Employment, which I chair, held a hearing last October which covered this and other subjects of concern to veterans. Argument both in favor and against extension of the delimiting period were advanced to the committee.

Proponents noted first, the particular circumstances facing the immediate groups of veterans facing the cutoff on May 31, 1976; second, the need for upgrading or retaining of skills in an ailing economy; and third, the profitable return to the Treasury of additional taxes which have traditionally resulted from GI bill expenditures.

Opponents argued that 10 years is a sufficient period of time to "readjust" and suggested that much of the training was either avocational in nature or entered into by veterans more interested in obtaining an income supplement to their regular employment check rather than obtaining an education. For exemple, by offering training in the evening or weekends, one business school in recent years has increased veteran enrollment from under 100 to over 7,000 GI trainees currently enrolled.

In addition to the various arguments advanced pro and con, an implicit consideration, particularly for those impressed with the need for fiscal restraint, was the cost of any extension. A simple 2-year extension would result in the additional mandatory expenditures of $2 billion. A 1-year extension only is estimated to cost $681 million.

While it is my present judgment, based on the testimony received, that the weight of the arguments favor some form of extension, it is also clear that this view is not unanimous. The President's opposition remains firm and he could be expected to veto any extension just as he vetoed the 1974 GI bill. A House of Representatives vote on a floor amendment to the first concurrent resolution—widely regarded as a vote to add extension money to this year's budget—indicates that probably well over a third of its members there would be available to sustain a Presidential veto. The Nation's three largest veterans' organizations, the American Legion, the Veterans of Foreign Wars, and the Disabled American Veterans, do not support an extension for a combination of reasons, principally because of the belief that limited funds for veterans' programs requires distribution to higher priorities.

Mr. President, irrespective of the merits of an extension proposal, the availability of funds is a crucial issue for a House and Senate now object to the Congressional Budget Act. I believe my colleagues should clearly understand that there is a direct relationship between their votes on spending ceilings for various programs and our ability to pass and enact legislation such as extension proposals. Frankly, I have been amazed in recent weeks by the number of my colleagues—including members of the Budget Committee—who, having voted for the ceiling on veterans' benefits and services, which was $1.1 billion below the Veterans' Affairs Committee's recommendation, now urge the committee to report and pass legislation for which there are insufficient funds.

In this connection it would also be useful to briefly review the steps that have been taken as part of the congressional budget process so far this year. As required by law, on March 15, 1976, I, as chairman of the Committee on Veterans Affairs, wrote the Budget Committee recommending fiscal year 1977 outlays of approximately $20.4 billion for veterans' benefits and services. While this figure did not include all that I believe was meritorious or desirable, it was a figure which attempted to balance the Budget Committee's expressed concern for fiscal restrain with our intention to provide sufficient moneys to fund actual cost-of-living increases for various benefits programs, to fund legislative initiatives which had passed one house or the other and to provide for more adequate health care. In this connection, given the President's strong position against extension of the GI bill, no additional explicit moneys were sought for GI bill extension. Had the $20.4 billion been granted, however, there would have been sufficient funds to grant some form of an extension by trading off—as contemplated by the congressional budget process—granting something less than full cost-of-living increases to GI bill recipients had that been the clear will of Congress.

At first glance the $20.4 billion recommended figure appears to be a substantial increase over the President's budget of $17.2 billion. It was and is immediately apparent, however, that the President's budget is more of the traditional shell game practiced in recent years. Mandatory program expenditures were understated, health care needs were underestimated, and the President's budget assumed enactment of so-called cost saving legislation of very dubious merit much of which had been consistently rejected by Congress in the past. For example, mandatory GI bill expenditures were understated by over $600 million on the assumption by the President that Congress would reduce the GI bill training period from 10 to 8 years.

Second, in addition to intentionally understated costs, the President's budget ignored the need for cost-of-living increases in various veterans benefits programs. Seventy-two percent of the VA budget represents transfer payments and certain benefits programs, such as the GI bill, have not received cost-of-living increases since September 1974.

Finally recommended VA outlays as a percentage of the Federal budget were modest when compared to past budgets and represent a long-term decline over the last 20 years. A comparison between the current fiscal year with fiscal year 1956, 20 years earlier, reveals, for example, that while veterans population has increased by 39 percent, veterans' benefits and outlays as a share of the Federal budget has decreased by 28 percent. And this decline occurred during a period of prolonged conflict which produced many new veterans with the need for temporary but higher cost readjustment benefits.

Reasonable men can disagree of course, and the Budget Committee decided to set veteran outlays at $19.3 billion, or $1.1 less than the Veterans' Affair Committee recommended. The Budget Committee's recommendation was upheld by the full Senate when an amendment sponsored by Senator Cranston, myself and others to add back $800 million was tabled by a vote of 53 to 21. Subsequently, the House of Representatives adopted a veterans' benefits and services outlay target of nearly $20 billion—a level which would have allowed our committee greater latitude. In large part, the difference between the Senate adopted and the House adopted veteran benefit outlays was prompted by concern expressed on the House floor that there be additional funds which could be utilized for extension of the GI bill training period if such legislation were enacted. However, this figure was not upheld in House-Senate conference and was reduced to $19.5 billion, the target assigned in the first concurrent resolution on the budget.

Mr. President, it was my opinion then as now that the $19.5 billion figure is insufficient to provide full cost-of-living increases for all veterans' benefits programs and to enact legislative initiatives which have passed previously in one house or the other such as pension reform, or the removal of the 9-month undergraduate restriction. The Budget Committee's "current services" approach would allow cost-of-living increases for a 1-year period only despite the fact that many veterans' benefits programs have not been increased for periods longer than 1 year. Nevertheless, we are prepared to attempt to live within the expressed will of Congress that expenditures be held to $19.5 billion. What disturbs me is the attitude of some of my colleagues who, having voted to keep expenditures at that level, now believe that they can recommend the Veterans' Affairs Committee report any and all legislation which obviously cannot be accommodated within those budget totals.

One of the arguments advanced by proponents during initial consideration of the Congressional Budget Act was that while members often agreed that Federal spending should be kept at a certain level they turned around and voted for a variety of programs which when totaled up clearly exceeded the agreed upon limits. This was criticized by Budget Act proponents as lacking candor at best or being irresponsible at worst. While I believe it it is yet to be demonstrated that Federal spending is excessive I recognize that there is merit in a process which allows us to decide first what overall spending should be, and second determine our priorities within those levels. Two things about the actual operation of this process, however, disturb me.

The first is the apparent abdication of these decisions by the full Senate to the Budget Committee itself. In the debate on the amendment to add money for veterans' benefits and services this year, little attention was directed as to whether priorities should be reordered, or whether overall Federal spending should be increased. Rather, opponents argued that to suggest something other than what the Budget Committee itself had recommended was somehow an attack on the very congressional budget process itself. Naturally, I do not share this view nor am I prepared to concede that the Budget Committee's composition or decisions are a completely accurate reflection of the attitudes and priorities of the full Senate itself.

Nevertheless, each of my colleagues must decide for himself how much and to what extent he will exercise his own judgment or defer to others. What troubles me, however, is the apparent inability of some of my colleagues to see any connection between their vote on spending levels and the authorizing committee's ability to report and enact legislation. Could it be that a new irresponsibility has replaced that which was criticized when the budget act was initially considered? Under this new irresponsibility some members apparently believe they can vote to hold veteran expenditures down—in this case $1.1 billion below committee recommendations—and then turn around and urge the same committee to enact new legislation which would require new mandatory first-year expenditures of at least $681 million.

Of course, it is true, as pointed out in debate, that the concurrent resolution to the budget does not in and of itself say how the money assigned for veterans' benefits must be spent among various programs. But it is equally clear that our committee cannot feed the multitude with a few loaves of bread. Thus, for example, we could pay for an extension of benefits but only if we cut compensation payments for the disabled, or reduced pensions for needy elderly veterans, or shut down a substantial part of our VA health care system. None of our colleagues to date, however, has suggested to me that our committee do this.

Consequently, I suggest to some of our colleagues that biting the bullet is a year-round occupation and not limited solely to voting on the concurrent resolution on the budget. Senators must also be prepared either to bite the bullet in terms of what they recommend that the authorizing committees enact or at the very least be prepared to suggest what existing programs not be improved or even cut to provide sufficient funds for the legislation they advocate.

Mr. ROTH. Mr. President, I am pleased to join with Senators Hartke and Muskie in offering this amendment. I believe it represents a responsible solution to a serious problem. It is a workable approach which we can all support in good conscience.

I have wrestled with this problem for several months, attempting to find a solution for the thousands of veterans whose educational careers are threatened. At every turn, I encountered the same obstacle: money. All of the possible solutions vastly exceeded the budget limits. But this proposal does not.

By providing veterans with an 11th year of benefits at one-half the normal level and a 12th year at one-third, it will permit thousands of veterans to continue their education without interruption. The total cost of $324 million is high, but within the limits of the budget. For a program which has historically proven itself, this will be money well spent.

In my State of Delaware alone, there are 1,750 veterans caught in midstream by the expiration of their GI bill educational entitlements. Almost all of them shared a common problem, which was best summarized by one of them in a letter written to me in March:

"I have been a student at Goldey Beacom College for almost a year now. I had always wanted to go to college, but could never afford to. Through advertising campaigns by Goldey Beacom, I was delighted to hear about the educational benefits for veterans, as I now could begin to see a dream come true.

After working 11½ years for the same company, I was laid off and it looks as though I will not be called back because of continued cut backs and lay-offs. So you can see this extension bill is important to me in helping me to continue my education. However, if it is defeated, I will have to stop because I will be unable to pay for it."

This was a plight shared by hundreds of thousands of veterans, principally because of a combination of unusual circumstances.

In 1955, the original GI bill expired and was not renewed by the Congress. Consequently individuals who served in the military between 1955 and 1966 were not initially eligible for educational benefits.

As the Vietnam war intensified, however, sympathy for a new GI bill grew, culminating in the Vietnam Veterans Readjustment Act of 1966. This act established a program of educational benefits for Vietnam and post-Vietnam era veterans. In addition, it established a retro-active program of benefits for the "Cold War Veterans," who had not previously been eligible.

Because these educational benefits were considered by the Congress to be "readjustment," the law as later amended required that education be completed by May 31, 1976, or within 10 years after discharge, whichever was later.

The difficulty was that many of these veterans had married and settled down by the time the Vietnam Veterans Readjustment Act was enacted in 1966. Burdened with family and job responsibilities, they could not immediately enroll in school. The letters which I received were from veterans who have enrolled within the past 1 or 2 years and who were now faced with the prospect of having their educational benefits terminated.

Jobs and family responsibilities were not the only reasons many of these veterans had only recently enrolled in school. During the past 2 years, educational standards have been liberalized, causing many veterans to reenter the educational system when they otherwise might not have done so.

There are about 400,000 of these veterans throughout the Nation. Most of them, like my constituent, depend heavily on the support which the monthly check provides Although an outright extension of full benefits would be too expensive, this approach is not. Therefore, I would urge my colleagues to support this amendment.

Mr President, as I indicated, I have spent quite some time exploring this problem. I ask unanimous consent to have printed in the RECORD some of the various proposals and letters which I reviewed during the course of my study. These include at least two different bills, together with several cost estimates prepared by the Veterans' Administration at my request. I think these documents will demonstrate why I consider the present approach a workable position.

There being no objection, the material was ordered to be printed in the Record, as follows:

MARCH 22, 1976.

Mr. H. DALE GRUBB,
Assistant Deputy Administrator, Veterans Administration, Washington, D.C.

DEAR MR. GRUBB: Thank you for those materials which Mr. Kendall of your staff forwarded to my office regarding the pending expiration of GI Bill benefits for certain veterans. Although the material was helpful, it did not answer my exact questions.

On May 31, 1976, the eligibility of certain veterans for GI Bill benefits will expire. These are the so-called "Cold War Veterans," who were released from active duty prior to June 1, 1966. With regard to these veterans, I would like to know the following:

1. How many of these veterans will lose their eligibility on May 31, 1976?
2. How many veterans who are currently enrolled in school and receiving GI Bill benefits will lose those benefits because of the May 31 cutoff?
3. How many in the second group are in Delaware?
4. If the eligibility of the "Cold War" veteran enrolled in school during the current school year were extended so long as they remained continuously enrolled on at least a one-half time basis, what would be the total cost to the government? If the veterans were required to be enrolled on at least three-quarter time basis? Full time?
5. What would be the total cost if (1) the benefits were extended only if the veteran were enrolled on a full time basis; and, (2) the benefit payable were seventy-five (75) percent of the normal benefit?

It is my understanding that approximately 500,000 "Cold War" veterans are currently enrolled in school and receiving benefits. I would very much appreciate receiving additional information concerning this group. Specifically, on what basis are they attending school (e.g. full time, three-quarter time, etc.), what types of schools are they attending (e.g. vocational schools, universities, etc.), and how many dependents do they, on the average, have.

Thank you in advance for your usual prompt cooperation.

Sincerely,

WILLIAM V. ROTH, Jr.,
U.S. Senate.

WASHINGTON, D.C., *April 16, 1976.*

Hon. WILLIAM V. ROTH, Jr.,
U.S. Senate,
Washington, D.C.

DEAR SENATOR ROTH: We are happy to provide you with answers to questions in your letter of March 22, 1976 regarding veterans losing eligibility for GI bill training on May 31, 1976 (including both peacetime post-Korean veterans and those discharged in fiscal years 1965 and 1966).

Estimated number of veterans losing their eligibility for school training on May 31, 1976—3,618,000.

Estimated number of veterans enrolled in school during April 1976 who will lose their entitlement May 31, 1976—483,000.

Estimated number of veterans who will train during April 1976 in the state of Delaware and who will lose entitlement May 31, 1976—1,750.

The 483,000 in training who will lose entitlement is broken down:

Full time	228,000
Three-fourth time	86,000
One-half time	82,000
Less than one-half time	87,000

These veteran trainees average an estimated 2.65 dependents per trainee (excludes flight and on-job trainees but includes farm trainees).

The numbers of these trainees in each type of training are estimated as follows:

Total	* 483,000
Graduate	(30,000)
Undergraduate	(102,000)
Junior college	(229,000)
Other schools	45,000
Correspondence	77,000

*Entitlement for flight, farm and on-job training does not expdre on May 31, 1976, and trainees in these areas are not included here.

The participation rates for the peacetime post-Korean and early Vietnam (through December 1975), Vietnam era (through December 1975), Korean conflict and World War II veterans are shown on accompanying Table 1.

The estimated costs of extending the GI bill under the various alternative entitlement extension plans you presented are still being prepared and will be sent to you when they are completed.

For additional information (on training time, type of training taken, dependents, etc.), we enclose our Information Bulletins from April 1975 and June 1975, and several tables from the November 1975 bulletin (Tables 2–7). April 1975 provides 1975 peak spring enrollment information. June 1975 provides a fiscal year 1975 summary, and the November 1975 tables show 1975 peak fall enrollment information. These bulletins and Tables (2–7) give statistical information on peacetime post-Korean veterans (those discharged prior to August 5, 1964). However, this information is not available separately for most of those veterans separated during fiscal years 1965 and 1966 (except in the estimates you requested). This latter (early Vietnam era) group is included with the Vietnam era veterans in the Information Bulletins and Tables 2–7.

If you should require further explanation of these materials, please do not hesitate to let us know.

Sincerely,

——— ———,

(*Associate Deputy Administrator in the absence of Richard L. Roudebush, Administrator*)

TABLE 1.—3 GI BILLS—COMPARISON OF PARTICIPATION RATES, AFTER 1ST 115 MO OF EDUCATIONAL ASSISTANCE

	World War II, June 1944 to end of program	Korean conflict, September 1952 to end of program	Post-Korean, June 1966 to December 1975 (115 mo)	Vietnam era, June 1966 to December 1975 (115 mo)	Peacetime, post-Korean and early Vietnam era, June 1966 to December 1975 (115 mo) [1]
Veteran population	15, 440, 000	5, 509, 000	10, 963, 000	7, 875, 000	4, 030, 000
Total trained	7, 800, 000	2, 391, 000	[2] 6, 200, 777	[1] 4, 848, 602	1, 805, 549
Percent	50. 5	43. 4	56. 6	61. 6	44. 8
School trainees	5, 710, 000	2, 073, 000	5, 695, 715	4, 420, 875	1, 710, 242
Percent	37. 0	37. 6	52. 0	56. 1	42. 4
College	(2, 230, 000)	(1, 213, 000)	(3, 415, 174)	(2, 705, 960)	(957, 770)
Percent	(14. 4)	(22. 0)	(31. 2)	(34. 4)	(23. 8)
Other schools	(3, 480, 000)	(860, 000)	(2, 280, 541)	(1, 714, 915)	(752, 472)
Percent	(22. 5)	(15. 6)	(20. 8)	(21. 8)	(18. 7)
On-job trainees	1, 400, 000	223, 000	466, 212	405, 274	95, 307
Percent	9. 1	4. 0	4. 3	5. 1	2. 4
Farm trainees	690, 000	95, 000	38, 850	22, 453	(3)
Percent	4. 5	1. 7	. 4	. 3	

[1] Early Vietnam era includes fiscal year 1965 and 1966 separations.
[2] Includes 668,104 service personnel.
[3] Count of farm trainees for this group is not available.

WASHINGTON, D.C.,
April 21, 1976.

Hon. WILLIAM V. ROTH, Jr.,
U.S. Senate,
Washington, D.C.

DEAR SENATOR ROTH: The additional information requested in your letter of March 22, 1976, regarding the estimated costs of extending the GI Bill under the various alternatives presented in paragraph 4 and 5, is as follows:

Continuous enrollment of at least—	Trainees	Estimated dollar cost of extending eligibility: Normal benefit	Estimated dollar cost of extending eligibility: 75 percent of normal benefit
Transition quarter:			
Half-time	395, 550	202, 991, 400	152, 243, 550
Three-quarter time	358, 650	203, 651, 000	152, 738, 325
Full time	319, 950	203, 168, 250	152, 376, 187
Fiscal year 1977:			
Half-time	395, 550	991, 258, 650	743, 443, 987
Three-quarter time	358, 650	994, 477, 500	745, 858, 125
Full time	319, 950	992, 164, 950	774, 123, 712

The cost estimates were based on the assumption that of the 483,000 veterans estimated to be enrolled during April 1976 who would lose their eligibility on May 31, 1976, 48,500 would drop out due to completion of their program or other reasons. It was assumed that 50% of the remaining veterans would switch from less than half-time to half-time, half-time to three-quarter time, and three-quarter time to full-time if that was their only alternative.

If you should require further explanation of these estimates, we would be pleased to furnish additional detail.

Sincerely,

RICHARD L. ROUDEBUSH,
Administrator.

S. ——

A BILL to authorize the Administrator of Veterans' Affairs to make education loans to certain veterans whose entitlement under chapter 34 of title 38, United States Code, has expired, and to terminate, eligibility for educational benefits under such chapter in the case of persons who enter military service after December 31, 1976

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) the Administrator of Veterans' Affairs (hereinafter referred to as the "Administrator") is authorized to make loans as provided in this Act to any veteran who makes application therefor and (1) whose eligibility for educational assistance under chapter 34 of title 38, United States Code, was extended under section 1662(c) of such title, (2) who, on the expiration of the delimiting period applicable to him under such section had a period of unused entitlement under such chapter 34, and (3) who was enrolled in and pursuing an approved course of education at any time during the school year 1975–1976 (as defined by the Administrator) for a period of at least ten weeks.

(b) Loans authorized under subsection (a) may be made in the case of any veteran eligible therefor in a total amount not exceeding an amount equal to the amount he would have been eligible to receive in educational assistance allowances for the period of his unused entitlement, as determined by the Administrator.

(c) Loans made under this Act shall bear interest at the rate of 3 per centum per annum and shall be repayable over a period not to exceed 10 years, the first payment to be payable one year after the veteran completes his or her educational program or otherwise terminates such program. Repayment by the veteran must be made in installments of not less than one-tenth of the amount of the loan, including interest.

(d) A veteran shall remain eligible for payments under a loan made under this Act only so long as he continues to pursue his program of education without interruption (except for regular school breaks to which all students enrolled in such course are entitled).

(e) The Administrator shall issue such rules and regulations as may be necessary to carry out effectively the provisions of this section.

SEC. 2. Section 1662 of title 38, United States Code, is amended by adding at the end thereof a new subsection as follows:

"Termination of Eligibility

"(e) No person shall be entitled to educational assistance under this chapter by virtue of any service on active duty performed on or after January 1, 1977, unless such service was a continuation of a period of active duty service performed on December 31, 1976. Service in the armed forces of the United States performed on or after January 1, 1977, pursuant to a reenlistment or a reappointment shall be considered a continuation of service performed prior to such date so long as there is no break in the period of service after December 31, 1976.".

Mr. ROTH. Mr. President, in response to a telephone request, officials of the Veterans' Administration provided cost estimates for implementation of a combination proposal, which is embodied in the following bill draft:

COST ESTIMATE—LOAN PROPOSAL OF SENATOR ROTH

(a) Following is a 5-year cost estimate (assuming an effective date of October 1, 1976) of the loan program and the provision in the proposed measure to terminate the GI Bill effective January 1, 1977:

EDUCATION LOANS

[Dollar amounts in millions]

Fiscal year	Trainees	Loan cost	Repayments	Net cost	Terminate GI bill (effective Jan. 1, 1977) Trainees	Terminate GI bill (effective Jan. 1, 1977) Savings (millions)
1977	480,000	$960.0		$960.0	23,350	$13.5
1978	370,560	741.1	$1.2	739.9	83,630	66.3
1979	287,520	575.0	43.9	531.1	185,210	207.2
1980			51.0	−51.0	322,820	433.3
1981			306.1	−306.1	472,700	694.4
5-yr total		2,276.1	402.2	1,873.9		1,415.0

In arriving at this cost estimate it was assumed that everyone eligible for this loan would choose to benefit. In conversations with the Senator's Administrative Aide, it was determined that the measure was only to apply to those veterans whose eligibility period expired on May 31, 1976; it was determined that the loan would apply only to the types of training permitted in the current VA education loan program; and the repayment schedule utilized in the VA loan program was used in attaining the cost estimate.

(b) Administrative cost estimate on the load and termination provisions of the proposal:

Fiscal-year	Man-years	Cost
Administrative cost, educational loan:		
1977	424.2	$6,170,300
1978	327.5	4,811,300
1979	299.7	4,339,600
1980	107.4	1,314,800
1981	247.3	3,057,600
Administrative savings, termination of GI bill:		
1977	18.8	(245,600)
1978	68.6	(906,100)
1979	151.7	(2,024,500)
1980	264.2	(3,5625,00)
1981	387.1	(5,271,800)

In arriving at the cost estimates set forth above it was assumed that each trainee would take advantage of the loan; that there would be an average of two loan applications per trainee; and that continuous enrollment would be required of the veteran.

(c) Reconciliation of the administrative cost estimate set forth in b. above:

Fiscal year	Man-years	Net cost
1977	405.4	$5,924,700
1978	258.9	3,905,200
1979	148.0	2,315,100
1980	(156.8)	(2,247,700)
1981	(139.8)	(2,214,200)

(d) The magnitude estimate made here reflects the fact that we have had no experience on the possible effects of such a proposal. To the degree that a lesser number would apply, costs would be proportionate. For example, if 75 percent of the eligibles applied, the loan costs, repayments and net costs would be 75 percent of the amounts shown. Similarly, administrative costs would be reduced in direct proportion.

JULY 16, 1976.

Mr. RICHARD L. ROUDEBUSH,
Administrator, Veterans' Administration, Washington, D.C.

DEAR DICK: I am sure you are aware of the many difficult issues raised by the recent expiration of the GI Bill entitlement for "cold war veterans."

As your staff may have told you, I have given this question a great deal of thought and investigated several alternative solutions to the problem. After studying these alternatives and discussing them with my colleagues here in the Senate, I have concluded that one, a low interest loan proposal, deserves your careful attention and consideration. For this purpose, I am enclosing copies of cost estimates and other information supplied to me by your staff in response to my requests. In addition, I am enclosing a draft of one of the proposals which I reviewed.

I hope you will find this information helpful, and will appreciate receiving your comments.

Sincerely,

WILLIAM V. ROTH, Jr.,
U.S. Senate.

WASHINGTON, D.C., *August 9, 1976.*

Hon. WILLIAM V. ROTH, Jr.,
U.S. Senate,
Washington, D.C.

DEAR BILL: This will respond to your letter of July 16, 1976, concerning your proposal to pay educational assistance benefits in the form of a loan to those veterans who were in school during 1975–76, whose eligibility period has run out, but who still have entitlement remaining, and provide for termination of the GI Bill effective January 1, 1977.

Normally, the Veterans Administration does not take a position on proposed legislation until it is introduced, referred to the appropriate Committee, a formal request for a report is received from the Chairman asking for our views, and our report is reviewed by the Office of Management and Budget. However, because of your special interest in this matter and the plan of the Senate Committee on Veterans' Affairs to consider GI education legislation in the near future, I am submitting our views at this time.

It is the position of the Veterans Administration to oppose any measure that would have the effect of continuing benefits to veterans after their eligibility period has expired, since veterans under the current program have had more time in which to utilize their entitlement than that granted to veterans of World War II or the Korean conflict. We believe that the 10-year period granted under current law is an ample period of time during which veterans may take advantage of their benefits.

The President, as well as the Veterans Administration, strongly favors termination of the current GI Bill program. It is the Administration's position that with the ending of hostilities in Vietnam termination of the education program is appropriate. This would be in line with action taken to end the earlier World War II and Korean conflict programs. With respect to the provision in your proposal to terminate the program effective December 31, 1976, I call your attention to the fact that we have taken the position in our reports to both the House and Senate Committees on Veterans' Affairs that consideration should be given to providing an exception from the termination date for those individuals signing up under the Defense Department's Delayed Entry Program. Under this plan the individual signs up at one point in time but, because of quotas or other reasons, does not enter on actual active duty until a later date, which may be as much as 6 months later and may be after the termination date. Should you decide to introduce your proposal in the Senate, I would urge you to give consideration to amending it to insert this DEP exception.

I hope that this will assist you in determining if your draft proposal should be introduced.

Sincerely,

RICHARD L. ROUDEBUSH,
Administrator.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from New Hampshire.

The amendment was agreed to.

The PRESIDING OFFICER. If there be no further amendment to be proposed, the question is on agreeing to the committee amendment.

The committee amendment, as amended, was agreed to.

Mr. HANSEN. Mr. President, reserving the right to object, are we talking about the Senate bill as it was reported or the Senate bill number with the House-passed legislation?

Mr. HARTKE. At the present time this is the Senate reported bill.

Mr. HANSEN. This is the Senate reported bill with the Senate language and no amendment on it?

Mr. HARTKE. The amendments are there from Senator Durkin and Senators Griffin and Abourezk.

Mr. HANSEN. May we hold up just one-half minute?

Mr. HARTKE. All right.

Mr. GRIFFIN. Mr. President, I have been asked to ask a question, to have explained the Durkin amendment and what the budget impact is.

Mr. HARTKE. The Durkin amendment is an extension of the delimiting period. It allows veterans to use their entitlement beyond the normal 10 year period in which they must now use their benefits. It authorizes half benefits for those people whose 10-year delimiting period has expired, including a large number of post-Korean veterans who lost benefits as of May 31 of this year. It authorizes up to 3 years additional training time at half the normal benefit rate. It is within the budget limits adopted by Congress.

Mr. HANSEN. I have no objection.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. HARTKE. Mr. President, has the bill been passed?

Mr. GRIFFIN. Before passing the bill, I want to observe that while the bill as reported from the Senate Veterans Committee, as I understand it, was submitted to the Budget Committee and did receive a waiver—is that correct?

Mr. HARTKE. The bill as reported does not exceed the limits for the veterans function.

Mr. GRIFFIN. That does not necessarily hold true with respect to the amendment added here on the floor.

Mr. HARTKE. This bill, as reported and as it is being amended here tonight, is within the Budget Committee limits.

Mr. GRIFFIN. And as amended on the floor?

Mr. HARTKE. Yes, and as amended on the floor.

Mr. GRIFFIN. I thank the chairman for that information.

Mr. JAVITS. Mr. President, I have a question for Senator Hartke. I have a letter from the Secretary of Labor pointing out that he thought it was unwise to establish veterans employment services separately in the Department. That is contained in the bill, is it not?

Mr. THURMOND. That is right.

Mr. JAVITS. Is that correct?

Mr. HARTKE. If the House objects to the provision, we are prepared to withdraw it if necessary to reach agreement before adjournment.

Mr. THURMOND. What was the statement of the Senator from Indiana? I cannot hear.

Mr. JAVITS. If Senator Hansen can help me——

Mr. HANSEN. The point being made by the senior Senator from New York is that the Secretary of Labor had objected to an assistant secretaryship being set up in his Department giving the exclusive responsibility for working out veterans employment problems.

Mr. JAVITS. That is correct.

Mr. HANSEN. I think Senator Hartke is saying that if that is objectionable to the Senator from New York, Senator Hartke is prepared to withdraw that particular——

Mr. HARTKE. No, that is not what I am saying. The question here is a question of jurisdiction on the House side. I am hopeful we can go ahead and have it retained within the bill. Senator Thurmond and I have discussed this matter and would like to insist on keeping it.

However, there is a problem here that we have to face on the House side and that is on the point of order.

Mr. President, I have a suggestion. This place is floating with people and they are not all Senators. I suggest that the staff members go to the back of the Chamber and have a seat.

The PRESIDING OFFICER. The suggestion is well taken. Will staff members please be seated?

Mr. JAVITS. Mr. President, I am very much for this bill. I only raise the question because a letter has just been received. I ask the Senator to explain that particular provision in view of the objection of the Department of Labor.

Mr. HARTKE. The situation is this: We have in this bill a provision for an Assistant Secretary for Veterans Employment. There is a question being raised at this time on the House side as to the question of jurisdiction of the Veterans' Affairs Committee proceeding on this provision. It is our intention at this time fully to go ahead and insist on the Senate position if at all possible. This is the agreement I had with Senator Thurmond, that we would insist on that position.

Mr. THURMOND. I might say a word on this.

Mr. ROBERT C. BYRD. Mr. President, do I have the floor?

The PRESIDING OFFICER. The Senator from West Virginia has the floor.

Mr. JAVITS. Will the Senator yield?

Mr. ROBERT C. BYRD. Yes.

Mr. JAVITS. I still do not understand the answer. Does the Senator want to leave it in?

Mr. Hartke. Yes, I want to leave it in the bill.

Mr. Javits. The Senator may have to take it out if the House insists?

Mr. Hartke. We do not intend to. I hope they do not so insist.

Mr. Javits. The Senator says it is a question of jurisdiction in the House if he leaves it in.

Mr. Hartke. It can present a question of jurisdiction.

Mr. Javits. It presents a question of jurisdiction here because the Labor Committee, of which I am the ranking minority member, has not even considered it, indeed have never heard of it. Should we take it out and leave the situation neutral, and I will pledge to the Senator to look into it? If it is needed, I am sure that Senator Williams and I and our colleagues will see that it is given.

Mr. Thurmond. Will the Senator allow me to make a statement on it?

Mr. Robert C. Byrd. Can the Senator make it in 1 minute or 2 minutes?

Mr. Thurmond. I think so.

Mr. Robert C. Byrd. I yield that much time.

Mr. Thurmond. Every veterans organization in this country, Mr. President, of any importance, has asked that this be done. The American Legion has passed resolutions at its annual conventions. The Veterans of Foreign Wars have passed resolutions at its annual conventions. The Disabled American Veterans have passed resolutions and so have the AmVets.

The reason is simple. The Veterans Employment Office is tucked away down in the Labor Department, and they do not have the authority to deal directly with the Secretary of Labor.

The idea is to bring it up to an Assistant Secretary. Veterans employment is only about half of what nonveterans employment is. The veterans organizations in this country feel this should have a higher status so the veterans employment officer in the Department of Labor can do the job and do it properly.

He cannot do it now. All the organizations have agreed to that. This is a very important provision, and I would hope the Senate would not take it out, Mr. President.

Mr. Javits. Mr. President, I am persuaded, though it is risky for me because of the objection of the department, that I, too, believe we have not done as well as we should on veteran's employment. Therefore, I go along with Senator Hartke and Senator Thurmond in their feelings that this is to be done. Necessarily, it is a rather quick decision, but I believe it should go this way.

The Presiding Officer. Is there objection? Without objection, it is so ordered.

Mr. Javits. I ask unanimous consent that the letter from the Secretary of Labor be printed in the Record.

There being no objection, the letter was ordered to be printed; in the Record, as follows:

(Letter was not supplied, will appear in the Record at a later date.)

Mr. Thurmond. Mr. President, the Veterans Education and Employment Assistance Act of 1976 (S. 969), is the product of considerable industry on the part of the Veterans' Affairs Committee and its staff. The strong bipartisan support of this measure is a tribute to the leadership of the committee under the chairmanship of Senator Hartke and the ranking Republican member, my colleague, Senator Hansen, and is in keeping with the committee's tradition since 1971, of according the needs of our Nation's veterans, not political expediency, as the highest priority before the committee.

Two provisions of the bill deserve particular comment. Since the end of the Vietnam War and the inception of the all-volunteer Army, much opposition has arisen over the continuation of the GI bill education program. Historically, this program was designed to assist veterans who had been drafted into wartime service in their transition from the military back to the civilian sector. Recent critics have convincingly argued that the cessation of hostilities and the institution of the all-volunteer army have obviated the need for such a readjustment device. S. 969 is responsive to this point of view and also seeks to accommodate our national interest in maintaining a strong national defense. Under this act, the current GI bill education program is terminated for those entering the armed forces after December 31, 1976.

In its place will be instituted the Post-Vietnam Era Veterans Readjustment Assistance Program for those entering military service on or after January 1, 1977. Under this voluntary program, participants make contributions in amounts up to $75 per month, which is matched on a 2-to-1 basis by the Veteran's Administration. This new education program, therefore, distinguishes, in terms of the quantum of benefits, peacetime and wartime military service. Additionally, the contributory vesting program commends to all who participate the old adage of helping those who help themselves.

A second major provision of S. 969 is designed to cope with the increasing problem of veterans' unemployment. Statistics indicate that unemployment among young veterans in the age group of 20 to 24 years amounted to 21.7 percent for the first quarter of 1976, as compared to 13.4 percent among nonveterans of the same age group during that period. Knowledgeable individuals in the field of veterans employment have consistantly identified as a major impediment to increased enforcement of veterans preference laws the ineffective position of the Veteran's Employment Service, which is buried deep within the bureaucracy of the Department of Labor. S. 969 would enable the Veteran's Employment Service to meet its responsibilities with a degree of autonomy by elevating its ahead to an Assistant Secretary of Labor for Veteran's Employment. It is expected that this change would dramatically affect the facility with which the head of the VES could carry out his responsibilities and would contribute significantly in reducing the instance of veterans unemployment.

Other worthy changes introduced by S. 969 are the general 8 percent cost-of-living adjustments to benefits payable under the GI education program, an extension to all students, graduate and undergraduate, of the maximum 45 months of entitlement under chapter 34, and an extension of the 10-year delimiting period in certain instances where a veteran was prevented from completing a program of education due to a disability not the result of the veteran's misconduct.

Mr. President, I vigorously support S. 969 and urge my colleagues to do likewise.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

The title was amended so as to read:

"A bill to amend title 38, United States Code, to increase vocational rehabilitation subsistence allowances, educational and training assistance allowances, and special allowances paid to eligible veterans and persons under chapters 31, 34, tion subsistence allowances, educational and training assistance allowances, and for certain dependents from thirty-six to forty-five months; to improve and expand the special programs for educationally disadvantaged veterans and servicemen under chapter 34; to improve and expand the education loan program for veterans and persons eligible for benefits under chapter 34 or 35; to create a new chapter 32 (Post-Vietnam Era Veterans' Readjustment Assistance program) for those entering military service on or after January 1, 1977; to make other improvements in the educational assistance program; to clarify, codify, and strengthen the administration of educational benefits to prevent or reduce abuse; to promote the employment of veterans by improving and expanding the provisions governing the operation of the Veterans' Employment Service; and for other purposes."

Mr. HARTKE. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. ROBERT C. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

APPENDIX D

[From the Congressional Record—House, Oct. 1, 1976]

EXTENDING BASIC EDUCATIONAL ASSISTANCE ELIGIBILITY FOR VETERANS AND CERTAIN DEPENDENTS

Mr. **EDWARDS** of California. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the Senate bill (S. 969) "To amend title 38, United States Code, to increase vocational rehabilitation subsistence allowances, educational and training assistance allowances, and special allowances paid to eligible veterans and persons under chapters 31, 34, and 35; to extend the basic educational assistance eligibility for veterans and for certain dependents from thirty-six to forty-five months; to improve and expand the special programs for educationally disadvantaged veterans and servicemen under chapter 34; to improve and expand the education loan program for veterans and persons eligible for benefits under chapter 34 or 35; to create a new chapter 32 (post-Vietnam era veterans' readjustment assistance program) for those entering military service on or after January 1, 1977; to make other improvements in the educational assistance program; to clarify, codify, and strengthen the administration of educational benefits to prevent or reduce abuse; to promote the employment of veterans by improving and expanding the provisions governing the operation of the Veterans' Employment Service; and for other purposes," and ask for its immediate consideration in the House.

The Clerk read the title of the Senate bill.

The **SPEAKER** pro tempore (Mr. Bolling). Is there objection to the request of the gentleman from California?

Mr. **BAUMAN**. Mr. Speaker, reserving the right to object, may we have some explanation prior to the gentleman's offering his amendment.

Mr. **EDWARDS** of California. Mr. Speaker, if the gentleman will yield, I will say a few words about this veterans' education bill.

The House passed H.R. 9576 on October 6, 1975.

Tonight, at this late hour, we have had the other body send us a bill with several provisions, many of which have far-reaching implications. A number of the provisions of the Senate bill are desirable such as the provision to increase education and training allowances for veterans and their dependents by approximately 8 percent, while others reflect the concern and desire of our committee to curb veterans' education overpayments and provide the Veterans' Administration with a stronger hand in enforcing veterans' education programs and to prevent known abuses in the education program.

Mr. Speaker, the budget ceiling adopted by the Congress includes funds for this cost of living.

This legislation discontinues eligibility for current GI bill benefits after December 31, 1976. The Senate has created a new program which requires the veteran himself or herself to contribute $1 and the Federal Government $2 to create for the serious man a fund, on discharge, for his education.

Mr. Speaker, the proposed amendment would provide the establishment of the program on a limited test basis. If the President and Congress decide to keep the program after the test period, its expense will be borne by the Defense Department.

Mr. Speaker, the proposed amendment is within our budget allocation, and I hope that the amendment will be adopted.

Mr. **BAUMAN**. Mr. Speaker, I thank the gentleman, and I withdraw my reservation of objection.

The **SPEAKER** pro tempore. Is there objection to the request of the gentleman from California?

Mr. **HAMMERSCHMIDT**. Mr. Speaker, reserving the right to object, I yield to the gentlewoman from Massachusetts (Mrs. Heckler).

Mrs. **HECKLER** of Massachusetts. Mr. Speaker, I thank the gentleman for yielding.

Mr. Speaker, as ranking minority member of the Subcommittee on Education and Training, Committee on Veterans' Affairs, I support the gentleman's motion to amend S. 969.

This measure includes provisions which are vital to the veterans' educational program. Comprehensive in its coverage and far-reaching in its effect, it deserves passage before this Congress adjourns.

Mr. Speaker, the bill before us provides an 8 percent increase in rates paid to eligible veterans in vocational rehabilitation, education, and training, and special programs. Since nearly 2 years have passed since rate increases have been granted, participants in such programs need this 8-percent increase to meet the rising costs of education.

This measure also extends 9 additional months of eligibility to veterans and certain dependents who are presently limited to 36 months of benefits. Among other advantages, this provision would allow veterans who desire to pursue, or are pursuing, graduate study to use the additional months of entitlement for graduate work. Presently, they are denied such entitlement, because the period is limited to undergraduate work.

Moreover, Mr. Speaker, this measure improves and expands the veterans' educational loan program, by increasing the maximum amount for an educational loan from $600 to $1,500.

The measure also contains a provision to end the current GI bill at the end of this calendar year. Such a provision is in line with the President's proclamation of May 7, 1975, closing the Vietnam era. The proclamation ended eligibility for wartime benefits for persons who entered the service after that date. In view of the original purposes of the GI bill and in view of the nature of the present all-volunteer services, continuation of the existing GI bill is inappropriate.

However, this measure includes a new program to meet the educational needs of veterans: The post-Vietnam era educational assistance program. This program, effective January 1, 1977, is a participatory plan, whereby the Veterans' Administration matches—by 2 to 1—funds contributed by inservice personnel, to create an educational fund for use after the person leaves the service or completes 6 years of active duty. It has the aim of enhancing recruitment and retention in the Armed Forces.

Moreover, this measure creates a Deputy Assistant Secretary of Labor in the Department of Labor, to give greater emphasis to veterans' employment services—a needed improvement in focus on veterans' problems.

Finally, Mr. Speaker, this measure improves the veterans' education program by tightening the administration of the program, in order to help remedy the educational overpayments problem which confronts the Veterans' Administration.

As a Member who has advocated equitable and realistic educational benefits for veterans and their dependents, I support the motion of the gentleman and urge my colleagues to join me in this support.

Mr. HAMMERSCHMIDT. Mr. Speaker, I withdraw my reservation of objection.

Mr. Speaker, will the gentleman yield?

Mr. EDWARDS of California. I yield to the gentleman from Arkansas.

Mr. HAMMERSCHMIDT. Mr. Speaker, I support the gentleman's motion to amend S. 969. The major provisions of the measure before us are to increase vocational rehabilitation subsistence, education and training, and special allowances paid to eligible veterans; to extend assistance eligibility for veterans from 36 to 45 months; to set a termination date of December 31, 1976, for the current GI bill; to create a new educational assistance program for persons entering the Armed Forces on or after January 1, 1977; and to clarify and strengthen the administration of veterans' educational benefits.

If the gentleman's request is approved, and S. 969 as amended, is passed, the veterans' educational program will undergo significant and comprehensive changes. These changes are the result of a great deal of toil by the Committee on Veterans' Affairs, in assessing and refining the many provisions which comprise the amended bill.

The provisions to increase by 8 percent the rates of educational allowances—in the vocational rehabilitation, education and training, and special programs—are sorely needed. The last increase was granted on December 3, 1974. Since then, nearly 2 years have passed, years in which the educational costs which veterans must pay have risen markedly.

The provision to increase eligibility from 36 to 45 months for veterans and certain dependents is both equitable and prudent. The enactment of this provision will permit students engaged in graduate study to receive an additional

9 months for such work. Heretofore, use of this additional period has been limited to undergraduate study—a restriction which hampers veterans' pursuit of their educational goals. As the sponsor of one of the first bills to grant this added 9 months of entitlement, I can assure you that this provision is strongly advocated by veterans and fully supported by various veterans' organizations.

The provision to terminate the present GI bill, after December 31, 1976, through a redefinition of "eligible veteran," has received extensive debate by this body. It has been under consideration since President Ford, on May 7, 1975, issued a proclamation ending the so-called Vietnam era, thereby ending eligibility for war-time benefits for persons entering military service after that date.

The GI bill was designed to provide vocational readjustment and restore lost educational opportunities to servicemen and women whose careers were interrupted or impeded by active duty in the armed services. Now that military service is entirely voluntary, now that military benefits make service and civilian careers comparable, it is altogether appropriate that the present GI bill should be terminated.

Nonetheless, the educational program may serve as a recruitment-retention device for the military, for which reason a new program, the post-Vietnam era educational assistance program, is being established.

The provision to create the post-Vietnam era educational assistance program is designed to enhance all-volunteer military service. Applicable to those who enter the service on or after January 1, 1977, it authorizes the payment of $2 for each $1 contributed by the participant, according to certain specifications.

Various provisions to improve and prevent abuses of the educational program are the result of oversight by the committee, particularly regarding educational overpayments. These provisions, in part due to hearings held this past spring by a special subcommittee, should result in a more effective and more efficient veterans' education program.

Mr. Speaker, I urge that S. 969 as amended be adopted.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

AMENDMENT OFFERED BY MR. EDWARDS OF CALIFORNIA

Mr. EDWARDS of California. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Mr. Edwards moves to strike all after the enacting clause and insert in lieu thereof the following:

That this Act may be cited as the "Veterans' Education and Employment Assistance Act of 1976".

TITLE I—CHAPTER 31 DISABLED VETERANS' VOCATIONAL REHABILITATION RATE AND PROGRAM ADJUSTMENTS

SEC. 101. The table contained in section 1504(b) of title 38, United States Code, is amended to read as follows:

"Column I	Column II	Column III	Column IV	Column V
Type of training	No dependents	One dependent	Two dependents	More than two dependents
				The amount in column IV, plus the following for each dependent in excess of two:
Institutional:				
Full-time	$226	$280	$329	$24
Three-quarter-time	170	210	247	18
Half-time	113	140	165	12
Farm cooperative, apprentice, or other on-job training:				
Full-time	197	238	275	18".

SEC. 102. Section 1503(c) of title 38, United States Code, is amended by striking out ", but not beyond ten years after such termination date, or June 30, 1975, whichever date is the later," and inserting in lieu thereof "when such action is determined by the Administrator to be necessary for such veteran based upon such veteran's disability and need for vocational rehabilitation,".

SEC. 103. Section 1511 of title 38, United States Code, is amended by adding at the end thereof the following: "Notwithstanding any other provision of law, the facilities of any agency of the United States, as designated in clause (3) of this section, may be used to provide unpaid training or work experience as part or all of a veteran's program of vocational rehabilitation when the Administrator determines such training or work experience to be necessary to accomplish vocational rehabilitation. While pursuing such training or work experience, an uncompensated veteran shall be deemed an employee of the United States for the purposes of the benefits of chapter 81 of title 5 but not for the purposes of laws administered by the Civil Service Commission.".

SEC. 104. Chapter 31 of title 38, United States Code, is amended—

(1) by striking out in the second sentence of section 1502(b) "him" and inserting in lieu thereof "the veteran";

(2) by striking out in subsections (a) and (b) of section 1503 "his", "he", and "him" each time they appear and inserting in lieu thereof "the veteran's", "the veteran", and "the veteran", respectively;

(3) by striking out in section 1503(c) "him" and "he" each time they appear and inserting in lieu thereof "the veteran" and by striking out "his" the first and second time it appears and inserting in lieu thereof "the veteran's" and "the veteran", respectively;

(4) by striking out in subsections (a) and (c) of section 1504 "his" and "him" and inserting in lieu thereof "the veteran's" and "the employer", respectively;

(5) by striking out in section 1505 "he" and "his" and inserting in lieu thereof "the Administrator" and "the veteran's", respectively;

(6) by striking out in section 1507 "him" and inserting in lieu thereof "the Administrator";

(7) by striking out in section 1508 "he" and inserting in lieu thereof "the Administrator";

(8) by striking out in section 1509(a) "him", "his", and "he" each time they appear and inserting in lieu thereof "the veteran", "the veteran's", and "the veteran", respectively;

(9) by striking out in section 1509(b) "he" and inserting in lieu thereof "the Administrator";

(10) by striking out in section 1510 "he" each time it appears and inserting in lieu thereof "such person"; and

(11) by striking out in section 1511 "he" and inserting in lieu thereof "the Administrator".

TITLE II—VETERANS' EDUCATION RATE AND PROGRAM ADJUSTMENTS

SEC. 201. Chapter 34 of title 38, United States Code, is amended—

(1) by amending the table contained in paragraph (1) of section 1682(a) to read as follows:

"Column I	Column II	Column III	Column IV	Column V
Type of program	No dependents	One dependent	Two dependents	More than two dependents
				The amount in column IV, plus the following for each dependent in excess of two:
Institutional:				
Full-time	$292	$347	$396	$24
Three-quarter-time	219	260	297	18
Half-time	146	174	198	12
Cooperative	235	276	313	18".

(2) by striking out in section 1682(b) "$270" and inserting in lieu "$292";

(3) by amending the table contained in paragraph (2) of section 1682(c) to read as follows:

"Column I	Column II	Column III	Column IV	Column V
Basis	No dependents	One dependent	Two dependents	More than two dependents
				The amount in column IV, plus the following for each dependent in excess of two:
Full-time	$235	$276	$313	$18
Three-quarter-time	176	207	235	14
Half-time	118	138	157	9";

and

(4) by striking out in section 1696(b) "$270" and inserting in lieu thereof "$292".

SEC. 202. Section 1652 of title 38, United States Code, is amended by adding at the end thereof the following new subsections:

"(f) For the purposes of this chapter and chapter 36 of this title, the term 'institution of higher learning' means a college, university, or similar institution, including a technical or business school, offering postsecondary level academic instruction that leads to an associate or higher degree if the school is empowered by the appropriate State education authority under state law to grant an associate or higher degree. When there is no State law to authorize the granting of a degree, the school may be recognized as an institution of higher learning if it is accredited for degree programs by a recognized accrediting agency. Such term shall also include a hospital offering educational programs at the postsecondary level without regard to whether the hospital grants a postsecondary degree.

"(g) For the purposes of this chapter and chapter 36 of this title, the term 'standard college degree' means an associate or higher degree awarded by (1) an institution of higher learning that is accredited as a collegiate institution by a recognized regional or national accrediting agency; or (2) an institution of higher learning that is a 'candidate' for accreditation as that term is used by the regional or national accrediting agencies; or (3) an institution of higher learning upon completion of a course which is accredited by an agency recognized to accredit specialized degree-level programs. For the purpose of this section, the accrediting agency must be one recognized by the Commissioner of Education under the provisions of section 1775 of this title.".

SEC. 203. Section 1661 of title 38, United States Code, is amended—

(1) by striking out in the second sentence of subsection (a) all after "period of" the second time it apears and inserting in lieu thereof "45 months (or the equivalent thereof in part-time educational assistance.)"; and

(2) by amending subsection (c) to read as follows:

"(c) Except as provided in subsection (b) and in subchapters V and VI of this chapter, no eligible veteran shall receive educational assistance under this chapter in excess of 45 months.".

SEC. 204. (a) The Administrator shall carry out a study of the vocational objective programs approved for the enrollement of veterans and other eligible persons under chapters 31, 34, 35, and 36 of title 38, United States Code. The study shall include the extent to which such programs are in compliance with the applicable provisions of such chapters particularly the requirements of section 1673(a)(2) of that title.

(b) The findings and report of such study with respect to the provisions of section 1673(a)(2) of such title shall include, but shall not be limited to—

(1) the number of veterans and institutions submitting justification asserting compliance with the requirements of such section and the extent to which any courses were challenged or disqualified by a State approving agency or by the Veterans' Administration;

(2) the number of institutions and courses for which justification showing compliance with the requirements of such section was not submitted;

(3) the number of courses for which justification showing compliance with the requirements of this section was submitted and actively reviewed by either the appropriate State approving agency or by the Veterans' Administration;

(4) the extent to which courses subject to the requirements of such section have not been identified or surveyed;

(5) the extent to which vocational objective programs have been converted to degree programs following enactment of Public Law 93-508;

(6) information as to completion rates of those courses submitting placement reports pursuant to such section;

(7) the extent to which justification submitted pursuant to such section disclosed invalid survey population;

(8) the extent to which justification submitted pursuant to such section disclosed improper exclusion of students who completed the course but did not take or pass a licensing examination given by the State;

(9) the extent to which justification submitted pursuant to such section disclosed improper exclusion of persons employed in other fields;

(10) the extent to which justification submitted pursuant to such section disclosed improper exclusion of persons as being in closely related occupations, when in fact they were not;

(11) the extent to which justification submitted pursuant to such section disclosed improper exclusion of some persons as not being available for employment;

(12) the extent to which there are deficiencies in basic procedures, instructions, and forms issued pursuant to such section; and

(13) the extent to which vocational objective programs are being pursued for vocational or recreational purposes.

(c) The Administrator shall report the results of the study carried out under this section to the Congress and the President not later than 180 days after the date of enactment of this Act and shall include in such report any recommendations for legislative or administrative action the Administrator deems appropriate.

SEC. 205. Section 1673 of title 38, United States Code, is amended—

(1) by striking out at the end of subsection (a)(2) "or";

(2) by striking out the period at the end of subsection (a)(3) and inserting in lieu thereof "; or";

(3) by adding at the end of subsection (a) a new clause (4) as follows;

"(4) any independent study program except one leading to a standard college degree."; and

(4) by amending subsection (d) to read as follows;

"(d) The Administrator shall not approve the enrollment of any eligible veteran not already enrolled, in any course (other than one offered pursuant to subchapter V, any farm cooperative training course, or any course described in section 1789(6) of this title) for any period during which the Administrator finds that more than 85 per centum of the students enrolled in the course are having all or part of their tuition, fees, or other charges paid to or for them by the educational institution, by the Veterans' Administration under this title and/or by grants from any Federal agency. The Administrator may waive the requirements of this subsection, in whole or in part, if the Administrator determines it to be in the interest of the eligible veteran and the Federal Government.".

SEC. 206. Section 1674 of title 38, United States Code, is amended by inserting immediately after the first sentence thereof the following: "Unless the Administrator finds there are mitigating circumstances, progress will be considered unsatisfactory at any time the eligible veteran is not progressing at a rate that will permit such veteran to graduate within the approved length of the course based on the training time as certified to the Veterans' Administration.".

SEC. 207. Section 1682 of title 38, United States Code, is amended by adding a new subsection (e) at the end thereof as follows:

"(e) The educational assistance allowance of an eligible veteran pursuing an independent study program which leads to a standard college degree shall be computed at the rate provided in subsection (b)(2) of this section. In those cases where independent study is combined with resident training and the resident training constitutes the major portion of such training, the maximum allowance may not exceed the full-time institutional allowance provided under subsection (a)(1) of this section.".

Sec. 208. Section 1685(b) of title 38, United States Code, is amended by adding at the end thereof the following: "In the event the veteran ceases to be a full-time student before completing such agreement, the veteran may, with the approval of the Administrator, be permitted to complete such agreement.".

Sec. 209. Section 1692 of title 38, United States Code, is amended by striking out in subsection (b) "$60" and "$720" and inserting in lieu thereof "$65" and "$780", respectively.

Sec. 210. Chapter 34 of title 38, United States Code, is amended—

(1) by striking out in section 1652(e) "United States Code.";

(2) by striking out in subsections (a) and (b) of section 1681 "section 1780" and inserting in lieu thereof "chapter 36";

(3) by redesignating section 1697A as section 1698;

(4) by striking out in the table of sections at the beginning of such chapter "1697A" and inserting in lieu thereof "1698"; and

(5) by amending section 1696 by inserting at the end thereof the following new subsection:

"(d) After October 31, 1976, no person other than a member of the Armed Forces described in section 1631(b) of this title shall be permitted to enroll, or reenroll, in any course provided under the authority of this subchapter.".

Sec. 211. Chapter 34 of title 38, United States Code, is amended—

(1) by striking out in subsection (a) and (d) of section 1652 "he" and "wife" and inserting in lieu thereof "such individual" and "spouse", respectively;

(2) by striking out in section 1661(a) "his" and "he" each time they appear and inserting in lieu thereof "the veteran's" and "the veteran", respectively;

(3) by striking out in subsections (a), (b), and (d) of section 1662 "his" and "he" each time they appear and inserting in lieu thereof "the veteran's" and "the veteran", respectively;

(4) by striking out in section 1663 "he" each time it appears and inserting in lieu thereof "the Administrator";

(5) by striking out in section 1670 "him" each time it appears and inserting in lieu thereof "the veteran";

(6) by striking out in section 1671 "he" the first time it appears and inserting in lieu thereof "the Administrator", by striking out "he" the second time it appears and inserting in lieu thereof "the veteran or person", and by striking out "his" each time it appears and inserting in lieu thereof "the veteran's or person's";

(7) by striking out in section 1673(a) "he" and "his" and inserting in lieu thereof "the Administrator" and "the veteran's", respectively;

(8) by striking out in section 1674 "his" and "he" each time they appear and inserting in lieu thereof "the veteran's" and "the Administrator", respectively;

(9) by striking out in section 1676 "his" and "he" and inserting in lieu thereof "the Administrator's" and "the Administrator", respectively;

(10) by striking out in section 1681(a) "his" and inserting in lieu thereof "the veteran's";

(11) by striking out in section 1685(c) "he" and "his" each time they appear and inserting in lieu thereof "the Administrator" and "the veteran's", respectively;

(12) by striking out in section 1691(a) "his" and "he" each time they appear and inserting in lieu thereof "the veteran's" and "the veteran", respectively;

(13) by striking out in section 1696(a) "he" and inserting in lieu thereof "the Administrator"; and

(14) by striking out in subsections (a) and (b) of section 1698 (as redesignated by section 211(3) of this Act) "he" and "his" and inserting in lieu thereof "the Administrator" and "such person's", respectively.

TITLE III—CHAPTER 35 SURVIVORS' AND DEPENDENTS' EDUCATIONAL ASSISTANCE RATE AND PROGRAM ADJUSTMENTS

Sec. 301. Chapter 35 of this title 38, United States Code, is amended—

(1) by striking out in section 1732(b) "$217" and inserting in lieu thereof "$235"; and

(2) by amending subsection (a) of section 1742 to read as follows:

"(a) While the eligible person is enrolled in and pursuing a full-time course of special restorative training, the parent or guardian shall be entitled to receive on behalf of such person a special training allowance computed at the basic rate of $292 per month. If the charges for tuition and fees applicable to any such course are more than $92 per calendar month, the basic monthly allowance may be increased by the amount that such charges exceed $92 a month, upon election by the parent or guardian of the eligible person to have such person's period of entitlement reduced by one day for each $9.76 that the special training allowance paid exceeds the basic monthly allowance.".

SEC. 302. Section 1701(a) of title 38, United States Code, is amended by adding at the end thereof the f[illegible] new paragraphs:

"(10) For the purposes o[illegible]s chapter and chapter 36 of this title, the term 'institution of higher learning' means a college, university, or similar institution, including a technical or business school, offering postsecondary level academic instruction that leads to an associate or higher degree if the school is empowered by the appropriate State education authority under State law to grant an associate or higher degree. When there is no State law to authorize the granting of a degree, the school may be recognized as an institution of higher learning if it is accredited for degree programs by a recognized accrediting agency. Such term shall also include a hospital offering educational programs at the postsecondary level without regard to whether the hospital grants a postsecondary degree.

"(11) For the purposes of this chapter and chapter 36 of this title, the term 'standard college degree' means an associate or higher degree awarded by (A) an institution of higher learning that is accredited as a collegiate institution by a recognized regional or national accrediting agency; or (B) an institution of higher learning that is a 'candidate' for accreditation as that term is used by the regional or national accrediting agencies; or (C) an institution of higher learning upon completion of a course which is accredited by an agency recognized to accredit specialized degree-level programs. For the purpose of this section, the accrediting agency must be one recognized by the Commissioner of Education under the provisions of section 1775 of this title.".

SEC. 303. Section 1711 of title 38, United States Code, is amended—

(1) by striking out in subsection (a) "thirty-six" and inserting in lieu thereof "45"; and

(2) by striking out, in subsection (b) "nine" and inserting in lieu thereof "12".

SEC. 304. Section 1712 of title 38, United States Code, is amended—

(1) by striking out in clauses (3) and (4) of subsection (a) "five" each time it appears and inserting in lieu thereof "8";

(2) by amending clause (5) of subsection (a) to read as follows:

"(5)(A) If such person is enrolled in an educational institution regularly operated on the quarter or semester system and such period ends during a quarter or semester, such period shall be extended to the end of the quarter or semester; or

"(B) if such person is enrolled in an educational institution operated on other than a quarter or semester system and such period ends after a major portion of the course is completed, such period shall be extended to the end of the course, or until 12 weeks have expired, whichever first occurs"; and

(3) by repealing subsection (d) and redesignating subsections (e), (f), and (g), as subsections (d), (e), and (f), respectively.

SEC. 305. Section 1713 of title 38, United States Code, is amended to read as follows:

"The parent or guardian of a person (or the eligible person if such person has attained legal majority) for whom educational assistance is sought under this chapter shall submit an application to the Administrator which shall be in such form and contain such information as the Administrator shall prescribe. If the Administrator finds that the person on whose behalf the application is submitted is an eligible person, the Administrator shall approve the application provisionally. The Administrator shall notify the parent or guardian or eligible person (if the person has attained legal majority) of the provisional approval or of the disapproval of the application."

SEC. 306. Section 1723(a) of title 38, United States Code, as amended—

(1) by striking out at the end of clause (2) "or";

(2) by striking out at the end of clause (3) the period and inserting in lieu thereof "; or"; and

(3) by adding at the end thereof a new clause (4) as follows:

"(4) any independent study program except one leading to a standard college degree.".

SEC. 307. Section 1724 of title 38, United States Code, is amended by inserting immediately after the first sentence thereof the following: "Unless the Administrator finds there are mitigating circumstances, progress will be considered unsatisfactory at any time an eligible person is not progressing at a rate that will permit such person to graduate within the approved length of the course based on the training time as certified to the Veterans' Administration.".

SEC. 308. Section 1732(c) of title 38, United States Code, is amended by adding a new paragraph (3) at the end thereof as follows:

"(3) The monthly educational assistance allowance to be paid on behalf of an eligible person pursuing an independent study program which leads to a standard college degree shall be computed at the rate prescribed in section 1682(e) of this title.".

SEC. 309. (a) The title of chapter 35 of title 38, United States Code, is amended by striking out

"CHAPTER 35—WAR ORPHANS AND WIDOWS EDUCATIONAL ASSISTANCE

and inserting in lieu thereof

"CHAPTER 35—SURVIVORS' AND DEPENDENTS' EDUCATIONAL ASSISTANCE".

(b) The table of chapters at the beginning of title 38, United States Code, and the table of chapters at the beginning of part III of such title are each amended by striking out

"35. War Orphans' and Widows' Educational Assistance .... 1700"

and inserting in lieu thereof

"35. Survivors' and Dependents' Educational Assistance .... 1700".

(c) Section 1731(a) is amended by striking out "section 1780" and inserting in lieu thereof "chapter 36".

SEC. 310. Chapter 35 of title 38, United States Code, is amended—

(1) by striking out in section 1700 "widows", "wives", and "his" each time they appear and inserting in lieu thereof "surviving spouses", "spouses", and "the veteran's", respectively;

(2) by striking out in section 1701(a) "widow" and "wife" each time they appear and inserting in lieu thereof "surviving spouse" and "spouse", respectively;

(3) by striking out in section 1701(b) "his" and inserting in lieu thereof "the person's" and by striking out "himself";

(4) by striking out in section 1701(c) "his" each time it appears and inserting in lieu thereof "such person's" and by striking out "himself";

(5) by striking out in section 1701(d) "he" each time it appears and inserting in lieu thereof "such person";

(6) by striking out in section 1711(b) "she" the first time it appears and inserting in lieu thereof "the spouse", by striking out "her" each time it appears and inserting in lieu thereof "such person's, and by striking out "he or she" each time it appears and inserting in lieu thereof "such person";

(7) by striking out in section 1712(a) "him", "his", and "he" each time they appear and inserting in lieu thereof "the person", "the person's", and "the person", respectively;

(8) by striking out in section 1712(c) "him", "he", "his" each time they appear and inserting in lieu thereof "such person", "such person", and "such person's", respectively;

(9) by striking out in subsection (e) and (f) of section 1712 (as redesignated by section 304(3) of this Act) "her" and "he" and inserting in lieu thereof "the" and "such person", respectively;

(10) by striking out in section 1720(a) "his" each time it appears and inserting in lieu thereof "such person's";

(11) by striking out in section 1721 "he" and inserting in lieu thereof "the Administrator";

(12) by striking out in section 1723(a) "he" and "his" and inserting in lieu thereof "the Administrator" and "the person's", respectively;

(13) by striking out in section 1723(c) "his" and "he" and inserting in lieu thereof "the Administrator's" and "the Administrator", respectively;

(14) by striking out in section 1723(d) "his" each time it appears and inserting in lieu thereof "such person's";

(15) by striking out in section 1724 "he" the first time it appears and inserting in lieu thereof "such person", by striking out "his" each time it appears and inserting in lieu thereof "the person's", and by striking out "he" the second time it appears and inserting in lieu thereof "the Administrator";

(16) by striking out in section 1731(b) "his" and "he" and inserting in lieu thereof "the person's" and "the person", respectively;

(17) by striking out in section 1733(a) "wife or widow" and "she" and inserting in lieu thereof "spouse or surviving spouse" and "such spouse", respectively;

(18) by striking out in section 1733(b) "he" and inserting in lieu thereof "such person";

(19) by striking out in section 1734(b) "wife or widow" and inserting in lieu thereof "spouse or surviving spouse";

(20) by striking out in section 1736 "he" and inserting in lieu thereof "the Administrator";

(21) by striking out in section 1741(b) "he" and inserting in lieu thereof "the Administrator";

(22) by striking out in subsections (a) and (b) of section 1743 "his" and "he" each time they appear and inserting in lieu thereof "the Administrator's" and "the Administrator", respectively;

(23) by striking out in section 1761(a) "he" and inserting in lieu thereof "the Administrator"; and

(24) by striking out in section 1763 "his" and inserting in lieu thereof "such person's".

TITLE IV—POST-VIETNAM ERA VETERANS' EDUCATIONAL ASSISTANCE ACT

SEC. 401. This title may be cited as the "Post-Vietnam Era Veterans' Educational Assistance Act of 1977".

SEC. 402. Section 1652 of title 38, United States Code, is amended—

(1) by amending paragraph (1) of subsection (a) to read as follows:

"(1) The term 'eligible veteran' means any veteran who—

"(A) served on active duty for a period of more than 180 days, any part of which occurred after January 31, 1955, and before January 1, 1977, and was discharged or released therefrom under conditions other than dishonorable; or

"(B) contracted with the Armed Forces and was enlisted in or assigned to a reserve component prior to January 1, 1977, and as a result of such enlistment or assignment served on active duty for a period of more than 180 days, any part of which commenced within 12 months after January 1, 1977, and was discharged or released from such active duty under conditions other than dishonorable; or

"(C) was discharged or released from active duty, any part of which was performed after January 31, 1955, and before January 1, 1977, or following entrance into active service from an enlistment provided for under clause (B) of this paragraph, because of a service-connected disability."; and

(2) by inserting in subsection (a)(2) "or (B)" after "paragraph (1)(A)".

SEC. 403. (a) Section 1661(a) of title 38, United States Code, is amended by adding at the end thereof a new sentence as follows: "In the case of any person serving on active duty on December 31, 1976, or a person whose eligibility is based on section 1652(a)(1)(B) of this chapter, the ending date for computing such person's entitlement shall be the date of such person's first discharge or release from active duty after December 31, 1976.".

(b) Section 1662 of title 38, United States Code, is amended by inserting at the end thereof the following new subsection:

"(e) No educational assistance shall be afforded any eligible veteran under this chapter or chapter 36 of this title after December 31, 1989.".

SEC. 404. Part III of title 38, United States Code, is amended by inserting immediately after chapter 31 of such title a new chapter as follows:

"CHAPTER 32—POST-VIETNAM ERA VETERANS' EDUCATIONAL ASSISTANCE

"SUBCHAPTER I—PURPOSE; DEFINITIONS

"Sec.
"1601. Purpose.
"1602. Definitions.

"SUBCHAPTER II—ELIGIBILITY; CONTRIBUTIONS; AND MATCHING FUND

"1621. Eligibility.
"1622. Contributions; matching fund.
"1623. Refunds of contributions upon disenrollment.
"1624. Death of participant.
"1625. Discharge or release under conditions which would bar use of benefits.

"SUBCHAPTER III—ENTITLEMENT; DURATION

"1631. Entitlement; loan eligibility.
"1632. Duration; limitations.

"SUBCHAPTER IV—ADMINISTRATION

"1641. Requirements.
"1642. Reporting requirements.
"1643. Deposits; reports.

"SUBCHAPTER I—PURPOSE; DEFINITIONS

"§ 1601. Purpose.

"It is the purpose of this chapter (1) to provide educational assistance to those men and women who enter the Armed Forces after December 31, 1976, (2) to assist young men and women in obtaining an education they might not otherwise be able to afford, and (3) to promote and assist the all volunteer military program of the United States by attracting qualified men and women to serve in the Armed Forces.

"§ 1602. Definitions

"For the purposes of this chapter—

"(1)(A) The term 'eligible veteran' means any veteran who (i) initially entered military service on or after January 1, 1977, served on active duty for a period of more than 180 days commencing on or after such date, and was discharged or released therefrom under conditions other than dishonorable, or (ii) initially entered military service on or after January 1, 1977, and was discharged or released from active duty after such date for a service-connected disability.

"(B) The requirement of discharge or release, prescribed in subparagraph (A), shall be waived in the case of any participant who has completed his or her first obligated period of active duty (which began after December 31, 1976) or 6 years of active duty (which began after December 31, 1976), whichever period is less.

"(C) For the purposes of subparagraphs (A) and (B), the term 'active duty' does not include any period during which an individual (i) was assigned full time by the Armed Forces to a civilian institution for a course of education which was substantially the same as established courses offered to civilians, (ii) served as a cadet or midshipman at one of the service academies or (iii) served under the provisions of section 511(d) of title 10 pursuant to an enlistment in the Army National Guard or the Air National Guard, or as a Reserve for service in the Army Reserve, Naval Reserve, Air Force Reserve, Marine Corps Reserve, or Coast Guard Reserve.

"(2) The terms 'program of education' and 'educational institution' shall have the same meaning ascribed to them in sections 1652(b) and 1652(c), respectively, of this title.

"(3) The term 'participant' is a person who is participating in the educational benefits program established under this chapter.

"SUBCHAPTER II—ELIGIBILITY; CONTRIBUTIONS; AND MATCHING FUND

"§ 1621. Eligibility

"(a) Each person entering military service on or after January 1, 1977, shall have the right to enroll in the educational benefits program provided by this chapter (hereinafter in this chapter referred to as the 'programs' except where the text indicates otherwise) at any time during such person's service on active duty. When a person elects to enroll in the program, such person must participate for at least 12 consecutive months before disenrolling or suspending participation.

"(b) The requirement for 12 consecutive months of participation required by subsection (a) of this section shall not apply when (1) the participant suspends participation or disenrolls from the program because of personal hardship as defined in regulations issued jointly by the Administrator and the Secretary of Defense (hereinafter in this chapter referred to as the 'Secretary'), or (2) the participant is discharged or released from active duty.

"(c) A participant shall be permitted to suspend participation or disenroll from the program at the end of any 12-consecutive-month period of participation. If participation is suspended, the participant shall be eligible to make additional contributions to the program under such terms and conditions as shall be prescribed by regulations issued jointly by the Administrator and the Secretary.

"(d) If a participant disenrolls from the program, such participant forfeits any entitlement to benefits under the program except as provided in subsection (e) of this section. A participant who disenrolls from the program is eligible for a refund of such participant's contributions as provided in section 1623 of this title.

"(e) A participant who has disenrolled may be permitted to reenroll in the program under such conditions as shall be prescribed jointly by the Administrator and the Secretary.

"§ 1622. Contributions; matching fund

"(a) Each person electing to participate in the program shall agree to have a monthly deduction made from such person's military pay. Such monthly deduction shall be in any amount not less than $50 nor more than $75 except that the amount must be divisible by 5. Any such amount contributed by the participant or contributed by the Secretary pursuant to subsection (c) of this section shall be deposited in a deposit fund account entitled the 'Post-Vietnam Era Veterans Education Account' (hereafter in this chapter referred to as the 'fund') to be established in the Treasury of the United States. Contributions made by the participant shall be limited to a maximum of $2,700.

"(b) Except as otherwise provided in this chapter, each monthly contribution made by a participant under subsection (a) shall entitle the participant to matching funds from the Veterans' Administration at the rate of $2 for each $1 contributed by the participant.

"(c) The Secretary is authorized to contribute to the fund of any participant such contributions as the Secretary deems necessary or appropriate to encourage persons to enter or remain in the Armed Forces. The Secretary is authorized to issue such rules and regulations as the Secretary deems necessary or appropriate to implement the provisions of this subsection.

"§ 1623. Refunds of contributions upon disenrollment

"(a) Contributions made to the program by a participant may be refunded only after the participant has disenrolled from the program or as provided in section 1624.

"(b) If a participant disenrolls from the program prior to discharge or release from active duty, such participant's contributions will be refunded on the date of the participant's discharge or release from active duty or within 60 days of receipt of notice by the Administrator of the participant's discharge or disenrollment, except that refunds may be made earlier in instances of hardship or other good reason as prescribed in regulations issued jointly by the Administrator and the Secretary.

"(c) If a participant disenrolls from the program after discharge or release from active duty, the participant's contributions shall be refunded within 60 days of receipt of an application for a refund from the participant.

"(d) In the event the participant (1) dies while on active duty, (2) dies after discharge or release from active duty, or (3) disenrolls or is disenrolled from the program without having utilized any entitlement, the participant may have accrued under the program, or, in the event the participant utilizes part of such participant's entitlement and disenrolls or is disenrolled from the program, the amount contributed by the Secretary under the authority of section 1622(c) remaining in the fund shall be refunded to the Secretary.

"§ 1624. Death of participant

"(a) If a participant dies, the amount of such participant's unused contributions to the fund shall be paid (1) to the beneficiary or beneficiaries designated by such participant under such participant's Servicemen's Group Life Insurance policy, or (2) to the participant's estate if no beneficiary has been designated under such policy or if the participant is not insured under the Servicemen's Group Life Insurance program.

"(b) If a participant dies after having been discharged or released from active duty and before using any or all of the contributions which the participant made to the fund, such unused contributions shall be paid as prescribed in subsection (a) of this section.

"§ 1625. Discharge or release under conditions which would bar the use of benefits

"If a participant in the program is discharged or released from active duty under dishonorable conditions, such participant is automatically disenrolled and any contributions made by such participant shall be refunded to such participant on the date of such participant's discharge or release from active duty or within 60 days from receipt of notice by the Administrator of such discharge or release, whichever is later.

"Subchapter III—Entitlement; Duration

"§ 1631. Entitlement; loan eligibility

"(a)(1) A participant shall be entitled to a maximum of 36 monthly benefit payments (or their equivalent in the event of part-time benefit payments).

"(2) The amount of the monthly payment to which any eligible veteran is entitled shall be ascertained by (A) adding all contributions made to the fund by the eligible veteran, (B) multiplying the sum by 3, (C) adding all contributions made to the fund for such veteran by the Secretary, and (D) dividing the sum by the lesser of 36 or the number of months in which contributions were made by such veteran.

"(3) Payment of benefits under this chapter may be made only for periods of time during which an eligible veteran is actually enrolled in and pursuing an approved program of education and, except as provided in paragraph (4), only after an eligible veteran has been discharged, or released from active duty.

"(4) Payment of benefits under this chapter may be made after a participant has completed his or her first obligated period of active duty (which began after December 31, 1976) or 6 years of active duty (which began after December 31, 1976), whichever period is less.

"(b) Any enlisted member of the Armed Forces participating in the program shall be eligible to participate in the Predischarge Education Program (PREP), authorized by subchapter VI of chapter 34 of this title, during the last 6 months of such member's first enlistment.

"(c) When an eligible veteran is pursuing either a program of education under this chapter by correspondence or a program of flight training, such eligible veteran's entitlement shall be charged at the rate of 1 month's entitlement for each month of benefits paid to the eligible veteran (computed on the basis of the formula provided in subsection (a)(2) of this section).

"(d) Eligible veterans participating in the program shall be eligible for education loans authorized by subchapter III of chapter 36 of this title in such amounts and on the same terms and conditions as provided in such subchapter, except that the term 'eligible veteran' as used in such subchapter shall be deemed to include 'eligible veteran' as defined in this chapter.

"§ 1632. Duration; limitations

"No educational assistance benefits shall be afforded an eligible veteran under this chapter beyond the date of 10 years after such veteran's last discharge or release from active duty. In the event an eligible veteran has not utilized any or all of such veteran's entitlement by the end of the 10-year period, such eligible veteran is automatically disenrolled and any contributions made by such veteran remaining in the fund shall be refunded to the veteran following notice to the veteran and an application by the veteran for such refund. If no application is received within 1 year from date of notice, it will be presumed for the purposes of subsection (a) of section 725s of title 31, that the individual's whereabouts is unknown and the funds shall be transferred as directed in the last proviso of that subsection.

"Subchapter IV—Administration

"§ 1641. Requirements

"The provisions of sections 1670, 1671, 1673, 1674, 1676, 1677, 1681(c), 1683, 1696, and 1698 of this title and the provisions of chapter 36 of this title, with the exception of sections 1777, 1780(c), and 1787, shall be applicable to the program.

"§ 1642. Reporting requirements

"The Administrator and the Secretary shall, within 90 days after the date of enactment of this chapter, submit to the Committees on Veterans' Affairs of the Senate and House of Representatives a joint report containing their respective plans for implementation of the program provided for in this chapter. The Administrator and the Secretary shall submit to such committees a report each year detailing the operations of the program during the preceding year. The first such annual report shall be submitted 15 months after the date of enactment of this section.

"§ 1643. Deposits; reports

"Deductions made by the Department of Defense from the military pay of any participant shall be promptly transferred to the Administrator for deposit in the fund. The Secretary shall also submit to the Administrator a report each month showing the name, service number, and the amount of the deduction made from the military pay of each initial enrollee, any contribution made by the Secretary pursuant to section 1622(c), as well as any changes in each participant's enrollment and/or contribution. The report shall also include any additional information the Administrator and the Secretary deem necessary to administer this program. The Administrator shall maintain accounts showing contributions made to the fund by individual participants and by the Secretary as well as disbursements made from the fund in the form of benefits.".

SEC. 405. The table of chapters at the beginning of title 38, United States Code, and the table of chapters at the beginning of part III of such title are each amended by inserting immediately below

"31. Vocational Rehabilitation .... 1501"

the following:

"32. Post-Vietnam Era Veterans' Educational Assistance .... 1601".

SEC. 406. The provisions of this title shall become effective on January 1, 1977.

SEC. 407. Section 725s(b) of title 31, United States Code, is amended by adding at the end thereof the following:

"(84) Post-Vietnam Era Veterans Education Account, Veterans' Administration."

SEC. 408. (a)(1) No individual on active duty in the Armed Forces may initially enroll in the educational assistance program provided for in chapter 32 of title 38, United States Code (as added by section 404 of this Act) after December 31, 1981, unless—

(A) before June 1, 1981, the President submits to both Houses of Congress a written recommendation that such program continue to be open for new enrollments; and

(B) before the close of the 60-day period after the day on which the President submits to Congress the recommendation described in subparagraph (A), neither the House of Representatives nor the Senate adopts, by an affirmative vote of a majority of those present and voting in that House, a resolution which in substance disapproves such recommendation.

(2) For purposes of computing the 60-day period referred to in paragraph (1)(B), there shall be excluded—

(A) the days on which either House is not in session because of an adjournment of more than 3 days to a day certain or an adjournment of the Congress sine die, and

(B) any Saturday and Sunday, not excluded under the preceding subparagraph, when either House is not in session.

The recommendation referred to in paragraph (1)(A) shall be delivered to both Houses of Congress on the same day and shall be delivered to the Clerk of the House of Representatives if the House is not in session and to the Secretary of the Senate if the Senate is not in session.

(b) If new enrollments after December 31, 1981, in the educational assistance program provided for in such chapter 32 are authorized after the application of the provisions of subsection (a), then effective January 1, 1982, section 1622(b) of title 38, United States Code, is amended by striking out "Veterans' Administration" and inserting in lieu thereof "Department of Defense".

TITLE V—CHAPTER 36 EDUCATION LOAN AND PROGRAM ADMINISTRATION AMENDMENTS

SEC. 501. Chapter 36 of title 38, United States Code, is amended—

(1) by striking out in section 1786(a)(2) "$270" and inserting in lieu thereof "$292"; and

(2), by amending the table contained in paragraph (1) of section 1878(b) to read as follows:,

"Column I	Column II	Column III	Column IV	Column V
Periods of training	No dependents	One dependent	Two dependents	More than two dependents
				The amount in column IV, plus the following for each dependent in excess of two:
First 6 months	$212	$238	$260	$11
Second 6 months	159	185	207	11
Third 6 months	106	132	154	11
Fourth and any succeeding 6-month periods	53	79	101	11";

SEC. 502. (a) Section 1798 of title 38, United States Code, is amended—

(1) by striking out in subsection (b)(3) "$270" and "$600" and inserting in lieu thereof "$292" and "$1,500", respectively; and

(2) by amending clause (3) of subsection (d) to read as follows:

"(3) shall provide that the loan shall bear interest, on the unpaid balance of the loan, at a rate prescribed by the Administrator, at the time the loan is contracted for which rate shall be comparable to the rate of interest charged students as such time on loans insured by the Commissioner of Education, Department of Health, Education, and Welfare, under part B of title IV of the Higher Education Act of 1965, but in no event shall the rate so prescribed by the Administrator exceed the rate charged students on such insured loans, and shall provide that no interest shall accrue prior to the beginning date of repayment; and ".

(b) The amendments made by subsection (a) shall be effective with respect to loans made under section 1798 of title 38, United States Code, on and after October 1, 1976.

SEC. 503. Section 1774 of title 38, United States Code, is amended—

(1) by adding at the end of subsection (a) thereof the following new sentence: "The Administrator may also reimburse such agencies for work performed by their subcontractors where such work has a direct relationship to the requirements of chapter 32, 34, 35, or 36 of this title, and has had the prior approval of the Administrator."; and

(2) by amending subsection (b) to read as follows:

"(b) The allowance for administrative expenses incurred pursuant to subsection (a) of this section shall be paid in accordance with the following formula:

"Total salary cost reimbursable under this section	Allowable for administrative expense
$5,000 or less	$600.
Over $5,000 but not exceeding $10,000	$1,080.
Over $10,000 but not exceeding $35,000	$1,080 for the first $10,000 plus $1,000 for each additional $5,000 for fraction thereof.
Over $35,000 but not exceeding $40,000	$6,535.
Over $40,000 but not exceeding $75,000	$6,535 for the first $40,000 plus $865 for each additional $5,000 or fraction thereof.
Over $75,000 but not exceeding $80,000	$12,960.
Over $80,000	$12,960 for the first $80,000 plus $755 for each additional $5,000 or fraction thereof.".

SEC. 504. Section 1775 of title 38, United States Code, is amended—

(1) by striking out the period at the end of subsection (a) and inserting in lieu thereof "which must be certified as true and correct in content and policy by an authorized representative of the school. The catalog or bulletin must specifically state its progress requirements for graduation and must include as a minimum the information required by section 1776(b) (6) and (7) of this title."; and

(2) by inserting before the period in the first sentence of subsection (b) the following: "and must include as a minimum (except for attendance) the requirements set forth in section 1776(c)(7) of this title".

SEC. 505. Section 1780(a) of title 38, United States Code, is amended—

(1) by striking out at the end of clause (1) "or";

(2) by striking out the period at the end of clause (2) and inserting in lieu thereof a semicolon; and

(3) by inserting immediately after clause (2) the following new clauses:

"(3) to any eligible veteran or person for auditing a course;

"(4) to any eligible veteran or person for a course for which the grade assigned is not used in computing the requirements for graduation including a course from which the student withdraws unless the Administrator finds there are mitigating circumstances; or

"(5) to any eligible veteran or person for pursuit of a program of education exclusively by correspondence as authorized under section 1786 of this title or for the pursuit of a correspondence portion of a combination correspondence-residence course leading to a vocational objective where the normal period of time required to complete such correspondence course or portion is less than 6 months. A certification as to the normal period of time required to complete the course must be made to the Administrator by the educational institution.".

SEC. 506. The last sentence of section 1780(a) of title 38, United States Code, is amended to read as follows: "Notwithstanding the foregoing, the Administrator may, subject to such regulations as the Administrator shall prescribe, continue to pay allowances to eligible veterans and eligible persons enrolled in courses set forth in clause (1) or (2) of this subsection—

"(A) during periods when the schools are temporarily closed under an established policy based upon an Executive order of the President or due to an emergency situation, and such periods shall not be counted as absence for the purposes of clause (2);

"(B) during periods between consecutive school terms where such veterans or persons transfer from one approved educational institution to another approved educational institution for the purpose of enrolling in and pursuing a similar course at the second institution if the period between such consecutive terms does not exceed 30 days, but such periods shall be counted as absences for the purposes of clause (2); or

"(C) during periods between a semester, term, or quarter where the educational institution certifies the enrollment of the eligible veteran or eligible person on an individual semester, term, or quarter basis if the interval between such periods does not exceed 1 full calendar month, but such periods shall be counted as absences for the purposes of clause (2).".

SEC. 507. Section 1784(a) of title 38, United States Code, is amended by adding at the end thereof the following: "The date of interruption or termination will be the last date of pursuit or, in the case of correspondence training, the last date a lesson was serviced by the school.".

SEC. 508. Section 1784(b) of title 38, United States Code, is amended by striking out "$3" and "$4" and inserting in lieu thereof "$5" and "$6", respectively.

SEC. 509. (a) Section 1788(a) of title 38, United States Code, is amended—

(1) by striking out the semicolon at the end of clause 1 and inserting in lieu thereof a comma and the following: "but if such course is approved pursuant to section 1775 of this title, then 27 hours per week of attendance, with no more than 2½ hours of rest period per week allowed and excluding supervised study, shall be considered full time;"; and

(2) by striking out the semicolon at the end of clause 2 and inserting in lieu thereof a comma and the following: "but if such course is approved pursuant to section 1775 of this title, then 22 hours per week net of instruction (excluding supervised study), which may include customary intervals not to exceed ten minutes between hours of instruction, shall be considered full time;"

(b) Section 1789 of title 38, United States Code, is amended—

(1) by striking out "or" at the end of clause (4) in subsection (b);

(2) by striking out the period at the end of clause (5) in subsection (b) and inserting in lieu thereof "; or";

(3) by adding at the end of subsection (b) a new clause (6) to read as follows:

"(6) any course offered by an educational institution under a contract with the Department of Defense that (A) is given on, or immediately adjacent to, a military base; (B) is available only to active duty military personnel and/or their dependents and (C) has been approved by the State approving agency of the State in which the base is located"; and

(4) by adding at the end thereof a new subsection (c) as follows:

"(c) Notwithstanding the provisions of subsection (b) (1), (2), (3), or (4) of this section, the provisions of subsection (a) shall apply to any course offered by a branch or extension of—

"(1) a public or other tax-supported institution where the branch or extension is located outside of the area of the taxing jurisdiction providing support to such institution; or

"(2) a proprietary profit or proprietary nonprofit educational institution where the branch or extension is located beyond the normal commuting distance of such institution.".

SEC. 510. Section 1790(c) of title 38, United States Code, is amended to read as follows:

"(c) Notwithstanding any other provision of law, the records and accounts of educational institutions pertaining to eligible veterans or eligible persons who received educational assistance under this chapter or chapter 31, 32, 34, or 35 of this title, as well as the records of other students which the Administrator determines necessary to ascertain institutional compliance with the requirements of such chapters, shall be available for examination by duly authorized representatives of the Government.".

SEC. 511. Subchapter II of chapter 36, United States Code, is amended—

(1) by striking out section 1793 and inserting in lieu thereof the following:

"§ 1793. Compliance surveys

"The Administrator shall conduct an annual compliance survey of each institution offering one or more courses approved for the enrollment of eligible veterans or persons where at least 300 veterans or persons are enrolled under provisions of this title or where the course does not lead to a standard college degree. Such compliance survey shall assure that the institution and approved courses are in compliance with all applicable provisions of chapters 31, 34, 35, and 36 of this title. The Administrator shall assign at least one education compliance specialist to work on compliance surveys in any year for each 40 compliance surveys required to be made under this section."; and

(2) by striking out in the table of sections at the beginning of chapter 36 of such title

"1793. Institutions listed by Attorney General."

and inserting in lieu thereof

"1793. Compliance surveys.".

SEC. 512. Section 1796 of title 38, United States Code, is amended—

(1) by redesignating subsections (b) and (c) as (c) and (d), respectively; and

(2) by inserting after subsection (a) a new subsection (b) as follows:

"(b) To ensure compliance with this section, any institution offering courses approved for the enrollment of eligible persons or veterans shall maintain a complete record of all advertising, sales, or enrollment materials (and copies thereof) utilized by or on behalf of the institution during the preceding 12-month period. Such record shall be available for inspection by the State approving agency or the Administrator. Such materials shall include but are not limited to any direct mail pieces, brochures, printed literature used by sales persons, films, video tapes, and audio tapes disseminated through broadcast media, material disseminated through print media, tear sheets, leaflets, handbills, fliers, and any sales or recruitment manuals used to instruct sales personnel, agents, or representatives of such institution.".

SEC. 513. (a) Chapter 36 of title 38, United States Code, is amended—

(1) by striking out in section 1771(a) "his" and inserting in lieu thereof "such";

(2) by striking out in section 1775(a) "he" and inserting in lieu thereof "the Commissioner";

(3) by striking out in subsections (b) and (c) of section 1777 "he", "him," "his" each time they appear and inserting in lieu thereof "the veteran or person", "the veteran or person", and "such veteran's or person's", respectively;

(4) by striking out in section 1779(b) "his" and inserting in lieu thereof "the Administrator's";

(5) by striking out in subsections (a) and (b) of section 1780 "his", "wife or widow", and "wife's or widow's" each time they appear and inserting in lieu thereof "such veteran's or person's", "spouse or surviving spouse", and "spouse's or surviving spouse's", respectively;

(6) by striking out in subsections (c) and (d) of section 1780 "his" and "he" each time they appear and inserting in lieu thereof "such veteran's or person's" and "the veteran or person", respectively;

(7) by inserting "may" immediately before "need" in section 1780(d)(1);

(8) by inserting immediately after the fourth sentence in section 1780(d)(2) the following new sentence: "An advance payment may not be made under this subsection to any veteran or person unless the veteran or person requests such payment and the Administrator finds that the educational institution at which such veteran or person is accepted or enrolled has agreed to, and can satisfactorily, carry out the provisions of paragraphs 5 (B) and (C) and (6) of this subsection."

(9) by striking out section 1780(e) and the heading thereto;

(10) by redesignating subsections (f), (g), and (h) of section 1780 as subsections (e), (f), and (g), respectively, and by adding at the end of such subsection (g), (as so redesignated) the following: "Subject to such reports and proof as the Administrator may require to show an eligible veteran's or eligible person's enrollment in and satisfactory pursuit of such person's program, the Administrator is authorized to withhold the final payment of benefits to such person until the required proof is received and the amount of the final payment is appropriately adjusted.";

(11) by striking out in section 1780(f) "him" and inserting in lieu thereof "such veteran or person";

(12) by striking out in section 1780(h) "he" the first time it appears and inserting in lieu thereof "the Administrator" and by striking out "he" the second time it appears and inserting in lieu thereof "the veteran or person";

(13) by striking out in section 1781 "him" and inserting in lieu thereof "such person";

(14) by striking out in section 1783(a) "his" and inserting in lieu thereof "such officer's or employee's";

(15) by striking out in section 1783(b) "he" the first time it appears and inserting in lieu thereof "such person" and by striking out "he" the second time it appears and inserting in lieu thereof "the Adminisrtator";

(16) by striking out in section 1783(d) "he" and inserting in lieu thereof "the Administrator";

(17) by striking out in subsections (a) and (b) of section 1784 "him" and inserting in lieu thereof "the Administrator";

(18) by striking out in subsections (a), (b), and (c) of section 1786 "wife and widow" and "his" each time they appear and inserting in lieu thereof "spouse or surviving spouse" and "such veteran's or spouse's", respectively;

(19) by striking out in subsections (a), (b), and (d) of section 1790 "he" each time it appears and inserting in lieu thereof "the Administrator";

(20) by striking out in subsections (a), (b), and (c) of section 1791 "his" and "he" each time they appear and inserting in lieu thereof "the veteran's or person's" and "the Administrator", respectively;

(21) by striking out in section 1794 "his" and inserting in lieu thereof "the Administrator's";

(22) by striking out in section 1796(c) (as redesignated by section 513(1) of this Act) "his" and inserting in lieu thereof "the Administrator's";

(23) by striking out in section 1798(b)(1) "he" and inserting in lieu thereof "the veteran or person" and by striking out in section 1798(e)(1) "he" and inserting in lieu thereof "the Administrator"; and

(24) by striking out in section 1799(d) "his" and inserting in lieu thereof "the Administrator's".

(b) The amendments made by paragraphs (7), (8), (9), and (10) of subsection (a) shall take effect June 1, 1977, and shall apply with respect to educational assistance allowances and subsistence allowances paid under title 38, United States Code, for months after May 1977;

TITLE VI—VETERANS' EMPLOYMENT ASSISTANCE PROVISIONS

SEC. 601. (a) Section 2002 of title 38, United States Code, is amended by inserting "by a Deputy Assistant Secretary of Labor for Veterans' Employment, established by section 2002A of this title," after "promulgated and administered".

(b) Chapter 41 of title 38, United States Code, is amended by—

(1) adding after section 2002 a new section as follows:

"§ 2002A. DEPUTY ASSISTANT SECRETARY OF LABOR FOR VETERANS' EMPLOYMENT

"There is established within the Department of Labor a Deputy Assistant Secretary of Labor for Veterans' Employment, appointed by the President by and with the advice and consent of the Senate who shall be the principal adviser to the Secretary of Labor with respect to the formulation and implementation of all departmental policies and procedures to carry out (1) the purposes of this chapter, chapter 42, and chapter 43 of this title, and (2) all other Department of Labor employment, unemployment, and training programs to the extent they affect veterans."; and

(2) amending the table of sections at the beginning of chapter 41 of such title by inserting

"2002A. DEPUTY ASSISTANT SECRETARY OF LABOR FOR VETERANS' EMPLOYMENT."

after

"2002. PURPOSES.".

(c) Section 104(a) of the Emergency Jobs and Unemployment Assistance Act of 1974 (Public Law 93-567) is repealed.

SEC. 602. Section 2003 of title 38, United States Code, is amended—

(1) by inserting in the fourth sentence "or by prime sponsors under the Comprehensive Employment and Training Act" after "programs administered by the Secretary";

(2) by striking out "and" at the end of clause (5); and

(3) by redesignating clause (6) as clause (7) and inserting new clause (6) as follows:

"(6) promote the participation of veterans in Comprehensive Employment and Training Act programs and monitor the implementation and operation of Comprehensive Employment and Training Act programs to assure that eligible veterans receive special consideration when required; and".

SEC. 603. Section 2006(a) of title 38, United States Code, is amended by inserting in the last sentence "each" after "shall".

SEC. 604. Section 2007 of title 38, United States Code, is amended—

(1) by striking out in subsection (a)(1) "his" and inserting in lieu thereof "such veteran's and eligible person's";

(2) by inserting in the second sentence of subsection (c) "and public service employment" after "occupational training"; and

(3) by striking out in the last sentence of subsection (c) "or 2006" and inserting in lieu thereof ", 2006, or 2007(a)".

SEC. 605. Section 2012 of title 38, United States Code, is amended by adding at the end thereof a new subsection (c) as follows:

"(c) The Secretary shall include as part of the annual report required by subsection (b) of this section the number of complaints filed pursuant to section 2007(c) of this title, the actions taken thereon and the resolutions thereof. Such report shall also include the number of contractors listing suitable employment openings, the nature, types, and number of positions listed and the number of veterans receiving priority pursuant to subsection (a)(2) of this section.".

SEC. 606. Chapter 41 of title 38, United States Code, is amended—

(1) by striking out in section 2003 "he" and "his" and inserting in lieu thereof "the Secretary" and "such representative's", respectively;

(2) by striking out in section 2004 "his" and inserting in lieu thereof "such representative's" and by inserting "or eligible persons" after "eligible veterans";

(3) by striking out in section 2005 "he" and inserting in lieu thereof "the Secretary"; and

(4) by striking out in section 2008 "his" and "him" and inserting in lieu thereof "the Secretary's" and "the Administrator," respectively.

SEC. 607. Chapter 42 of title 38, United States Code, is amended—

(1) by striking out in section 2011(2) "his" and inserting in lieu thereof "the person's"; and

(2) by striking out in the first sentence of section 2012(b) "his" and inserting in lieu thereof "the contractor's".

SEC. 608. Chapter 43 of title 38, United States Code, is amended—

(1) by striking out in section 2021(a)(2)(B) "his" each time it appears and inserting in lieu thereof "the employer's";

(2) by striking out in section 2021(b)(2) "his" and "he" and inserting in lieu thereof "the person" and "the person's", respectively; and

(3) by striking out in the sixth sentence of section 2024(d) "his" each time it appears and inserting in lieu thereof "such employer's".

TITLE VII—MISCELLANEOUS AND EFFECTIVE DATE

SEC. 701. Section 3101(a) of title 38, United States Code, is amended by adding at the end thereof the following: "For the purposes of this subsection, in any case where a payee of an educational assistance allowance has designated the address of an attorney-in-fact as the payee's address for the purpose of receiving his or her benefit check and has also executed a power of attorney giving the attorney-in-fact authority to negotiate such benefit check, such action shall be deemed to be an assignment and is prohibited.".

SEC. 702. Section 2108(1)(B) of title 5, United States Code, is amended by striking out "after January 31, 1955," and inserting in lieu thereof "any part of which occurred after January 31, 1955, and before the date of enactment of the Veterans' Education and Employment Assistance Act of 1976,".

SEC. 703. (a) Sections 101, 201, 203, 207, 209, 301, 303, 304, 308, 501, 502, 503, and 508 of this Act shall become effective on October 1, 1976.

(b) Sections 102, 104, 202, 204, 205(1), 205(2), 205(3), 208, 210, 211, 302, 305, 306, 309, 310, 506, 510, 511, and 513 (other than paragraphs (7), (8), (9), and (10) of subsection (a)) of this Act shall become effective on the date of the enactment of this Act.

(c) Sections 103, 205(4), 206, 307, 504, 505, 507, 509, 512, and 701 and title VI of this Act shall become effective on December 1, 1976.

Mr. EDWARDS of California (during the reading). Mr. Speaker, due to the fact that I have already explained this amendment, I would ask unanimous consent that the House amendment be considered as read and printed in the Record.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

The amendment was agreed to.

Mr. TEAGUE. Mr. Speaker, I rise now in support of the gentleman's unanimous-consent request, but first I want to express my sincere appreciation to our distinguished chairman for his yielding to me and for having provided for us during this session of the Congress the leadership and the complete cooperation which has permitted us to arrive at this point. During this session of the Congress comprehensive hearings were conducted in special investigative hearings of the Subcommittee on Education and Training chaired by our able colleague, Mr. Mottl of Ohio. In these hearings we looked into the serious problem of overpayments and of laxities in enforcement of standards of progress in the veterans' education programs. As amended, this bill would go further than the version that was originally passed by the House October 6, 1975. The bill now incorporates not only a needed cost-of-living rate increase in the area of 8 percent but it provides for substantive program changes which are dictated by the fact that the Vietnam era conflict has ended, that we are now dealing with an all-volunteer Army, and that the needs of the individuals currently entering active duty are far different from those for whom the post-Korean educational assistance program was designed.

The bill as amended continues the provision terminating the accrual of entitlement under the post-Korean educational assistance program and it provides for a new program with participation of the individual. While the bill now discontinues accumulation of eligibility for GI bill benefits after December 31, 1976, and sets up as a test a new program under which the veteran would contribute $1 and the Federal Government would contribute $2 to create an educational assistance fund available to the veteran for education and training purposes on his discharge. Should this test warrant continuation by the Congress and the President at the end of 5 years, then it is contemplated that the program would be continued and the expense of the program would then be assumed by the Defense Department. We have concurred in these Senate amendments. We have not concurred in a

Senate provision which would have automatically triggered resumption of the GI bill in event of a resumption of the draft. This should not be interpreted as any departure from previously well established policy. The principle of education and readjustment assistance for individuals who enter the Armed Forces on an involuntary basis during a time of emergency has been well established by the actions of the Congress in the past. We would contemplate that should it again become necessary to reinstitute a draft that the Congress would respond immediately to extend education and readjustment benefits to such drafted individuals and to design the program in the light of the needs then apparent.

I believe you should understand that our attempts to address ourselves to the problems which we found during the special hearings into educational abuses and about which you cannot but be aware because of a continuing publicity accorded these matters represent a melding of suggestions we have received from the administration, attempts at correction incorporated in the Senate version of the bill and our efforts. I can only hope that with these amendments and the steps already taken by the Veterans' Administration those who are enrolling in educational programs supported with your tax-provided dollars will be exposed to some educational experience rather than as so often today is the case permitted to enroll draw their benefits and never go close to a classroom. The amendments added by the Senate are consistent with our objective to minimize abuses in administration of the program and to strengthen the hand of the administrator to the extent possible in order that he can assure that individuals participating in the program will acquire the added education and training needed to take their rightful place in our economy.

Provisions of the bill as originally passed by the House and as still contained would extend the maximum educational benefits to 45 months for all eligible veterans and would provide as well for the same number of months of entitlement for those survivors and dependents of veterans who are permanently and totally disabled or who died of service-connected disabilities.

The predischarge education program which was established by Public Law 91-219 back in 1970 was originally designed to provided assistance to servicemen and women which would permit them on discharge to pursue education and training or some vocation. The assistance intended by that provision was to make available a limited program of education or training prior to discharge from active duty which would provide an entry level of competency for the intended additional education or vocational pursuit. We were at that time engaged in hostilities. Individuals were being drafted. There were those going into service who needed high school completion work or a course or two to make it possible for them to immediately and adequately utilize the educational assistance provided by the Veterans' Administration programs upon their release. It just now appears that there is no continued need for the prep program as it is now being presently utilized, which is at the beginning of an individual's enlistment rather than just immediately before his separation. We have terminated the prep program for new enrollments for all those whose entitlement exists under current programs but have made available during the last 6 months of an enlistment the same type of entry level training for those servicemen and women who participate in the new cooperative program. I urge you to support this bill.

Mr. ROBERTS. Mr. Speaker, on October 6, 1975, the House by a vote of 298 to 106 with one voting present passed and sent to the Senate H.R. 9576, the Veterans' Readjustment Assistance Amendments of 1975. This bill was developed after hearings and consideration of a number of important factors affecting the veterans' readjustment assistance allowance program. It recognized substantially changed circumstances that had come into being subsequent to the time that this program was developed and put on the statute books. Among other things, it provided for a termination date of December 31, 1975, in establishing eligibility for education and training benefits under chapters 34 and 36 of title 38. These are the so-called post-Korean Vietnam era educational benefit provisions. You will recall that on May 7, 1975, the President issued a proclamation which terminated the Vietnam era war and at that time transmitted to the Congress a proposed bill to set a termination date for veterans' educational benefits under these chapters. There was for consideration also the cessation of hostilities, and the fact of an all-volunteer Armed Forces. Those who have accumulated and would acquire eligibility for education and training benefits through December 31, 1975, would be preserved in their entitlement to utilize these benefits through December 31, 1987, under the same rules which have, heretofore, governed such benefits.

The bill as passed by the House also would have extended the maximum educational benefits available to eligible veterans to 45 months. This made the additional 9 months of entitlement available to all veterans on the same basis that the extended entitlement was provided for those seeking an undergraduate college degree. The bill provided for a repeal of the predischarge educational program which has been known as "PREP," with a savings provision for those currently enrolled. The bill also provided for payment of educational assistance allowances in certain cases where a veteran or a dependent transferred from one approved educational institution to another educational institution without a true break in pursuit of educational objectives. The bill provided for the termination of eligibility for preference in Federal employment in the case of individuals entering the military service after May 7, 1975, the ending date of the Vietnam era. There were also two provisions of the entitlement to VA home loan benefits which have subsequently been enacted into law.

The Senate, earlier tonight, considered and passed S. 969 with numerous provisions not yet considered by the Committee on Veterans' Affairs.

The bill is not totally inconsistent with the provisions passed by the House, but goes much further. There has been a lapse of a year since the passage of the original bill. During that time, this committee has held through its Subcommittee on Education and Trainings, extensive hearings oriented toward overpayments and enforcement of standards in the veterans' education program. Congressman Mottl of Ohio, and his select subcommittee, conducted extensive investigations and came up with a series of recommendations for improvement. Most of Congressman Mottl's recommendations are included in this bill. I commend him and other members of the subcommittee for a fine job.

The proposed House amendment will keep intact the original provisions included in the bill we have already passed in the House, and would make other improvements in the education programs. I will summarize for you these provisions: The bill will now provide for an approximate 8-percent increase in educational allowance payments for all three of the programs administered by the Veterans' Administration. This includes the vocational rehabilitation program for those veterans with service-connected disabilities receiving training to overcome their handicaps. It would provide the increases for the post-Korean and Vietnam veterans pursuing educational benefits under chapters 34 and 36 of title 38, United States Code, and it would provide the increases in education allowances for the spouse and children of veterans, who are permanently and totally disabled from service-connected causes, or veterans who have died from such causes. In this area the provisions of the amendments are identical with those of the Senate-passed version of the bill. The provisions would make certain changes in the vocational rehabilitation program for service-connected veterans. It would restore entitlement to training for seriously disabled veterans, or blinded veterans beyond the usual termination date for assistance. These entitlements ended May 31, 1975. Our amendments would restore to the Administrator the authority to give rehabilitation training to the seriously disabled where it is shown the disability has increased and it is shown that the disabilities are severe, and that vocational rehabilitation would lead to some useful pursuit. It was with some reluctance that we agreed to the restoration of this entitlement passed 1975 for veterans who served in World War II, and it is with the strict understanding that the Administrator will take steps to assure that the abuses known to have existed under the prior provisions of law do not again occur, that there will not be again instances in which individuals who have completed a normal career and retired or at an advanced stage be given extensive training which could not possibly lead to a vocational pursuit. The definition of serious disability is also for strict interpretation. Also incorporated is the provision that permits U.S. governmental agencies to offer unpaid work experience as a part of a vocational rehabilitation program.

The amendments affecting the veterans' assistance program extends increases in benefit allowances to all programs except the flight training program. The number of administrative refinements are contained in the bill which generally seek to insure the integrity of the program to correct abuses associated with lax administration or regulations bearing on satisfactory pursuit of programs, and upon the overpayments problem.

Eligibility for participation in the PREP program will be limited with reasonable safeguards for those already enrolled at time of enactment if these provisions become law. When the predischarge education program was established by Public Law 91-219, in 1970, it was designed to assist servicemen and women to prepare for their future education training or vocation by providing them opportunity to enroll and pursue a program of education training prior to their discharge from active duty in the Armed Forces. The PREP program was specifically designed to help the civilian soldier in his return to civilian life following the period of necessary service during a time of national emergency. With an all-volunteer Army, such a program is not considered necessary, and it is particularly not appropriate as it is currently utilized, that is, at the beginning of a period of enlistment.

The educational assistance program for spouses and children of the service-connected would benefit from the same type of administrative improvements provided for chapter 34 veterans. It would extend the same rate increases and for the first time the individual now entitled to 36 months training would be entitled to 45 months of training on the same basis that this was extended to veterans. The Senate amendments which are included in my amendment would increase the maximum amount of the educational loan now available from $600 to $1,500 and would vary the formula for computing these loans to recognize the increase monthly assistance levels. The Veterans' Administration has historically contracted State approving agencies to provide the service of approving courses when they are of such merit as to warrant enrollment of those assisted by Veterans' Administration administered programs. This bill would recognize increased costs and would adjust the amounts available for payment to State approving agencies as reimbursement for their service.

I am particularly pleased with the amendments which would tighten the administration of these education programs, and would seek to assure that those who are receiving benefits are actually exposed to an educational process. Our amendments include those developed by the subcommittee findings together with proposals contained in the Senate version for obtaining similar ends; and to the extent possible in view of the importance of this effort we have concurred in the proposals for improving administration sent over to us by the Senate. One of the things that seems clear to all of us is that a major part of the blame for massive overpayments is related to the ill-conceived provisions which provide for unlimited advance payments and for prepayment of monthly benefit amounts. You will recall that the Appropriations Act for the Veterans' Administration contains a limitation which would have precluded the use of funds for prepayments and limit advance payments after June 1, 1977. We believe this problem is one that requires a direct approach by the Congress and we have included provisions which after June 1, 1977, will permit advance payment on enrollment only on application by the veteran when he is enrolling in an institution which is willing to accept the responsibilities for seeing that the veteran does enroll and that the Veterans' Administration is notified should he fail to enroll and pursue his program. Another provision provides that prepayment of educational assistance will be made at the end or after the end of each month in which entitlement is earned.

The proposed amendment is identical with a provision of the Senate bill relating to the nonassignability and exempt status of VA educational benefits as follows: When a payee of an educational check has designated the address of an attorney-in-fact as the address for check receipt purposes, and has also executed a power of attorney giving such attorney-in-fact the authority to negotiate the benefit check, such agreement will be held to be an assignment of the benefit, and as such prohibited. The provisions of law prohibiting assignment of veterans benefits go back to 1883 and have their basis in the desire to prevent the administering governmental agency from being placed in the position of a collection agency, and what is more important, to prevent the deprivation and depletion of the means of subsistence of veterans and their dependents who rely upon veterans' benefits as a substantial source of their income. It was not until 1972 that an interpretation of the general counsel of the Veterans' Administration rendered an opinion which required the Veterans' Administration to cooperate in check delivery arrangements which resulted in an effective assignment of benefits and contravention of the clear congressional intent. Experience under this opinion has been so poor that in commenting on this proposal, the Veterans' Administration said:

> We believe that to continue to permit such situations to occur would be to encourage more fraud and open the door to even more potential abuses of the programs. We, therefore, fully support this provision of the substitute proposal.

Other amendments would terminate the accumulation of educational entitlement after December 31, 1976, but with a Senate added exception which would take care of those individuals who have enlisted under contracts which permit the deferral of their entry into service not more than 12 months or before December 31, 1977. Persons in the military service on December 31, 1976, or entering service under the exception during 1977, could utilize their educational benefits through December 31, 1989, at which time the program will be finally ended.

While we have removed the section which would have automatically triggered resumption of the GI bill in the event of reinstitution of the draft, it should be clearly understood that this does not represent a departure from previously established policy. Through a series of actions by the Congress, the principle of education and readjustment assistance for the individual who enters the Armed Forces on an involuntary basis has been clearly established. In the event it becomes necessary to reinstate the draft, we would expect the Congress to take immediate action to extend education and readjustment benefits to servicemen being drafted or entering the Armed Forces on an involuntary basis. At that time, however, Congress would find it necessary to survey the situation, particularly as it relates to educational needs, economic levels, and so forth, to establish a program specifically designed to meet the situation as it might exist at that time.

As previously indicated, the Senate has created a new veterans education assistance program beginning January 1, 1977. It will be a contributory program with the veteran contributing $1, and the Federal Government $2 up to a maximum of $8,100 for those who are discharged or complete a term of active duty service to provide a fund for his education. We have agreed to this amendment on the basis that it is a pilot program which will help the Armed Forces in its recruitment of members for our volunteer forces. The cost for the first few years will be minimal. If after a period of 5 years the President recommends and the Congress agrees to keep the program, then the expense will be borne by the Defense Department.

The maximum cost of the House amendments in fiscal year 1977 would be approximately $495.4 million. Although the amount exceeds the allocation of the Subcommittee on Education and Training by approximately $40 million, the cost of the bill does not exceed the allocation of the full committee established in the second concurrent resolution wherein our new entitlement authority was set at $1.397 billion.

Mr. MOTTL. Mr. Speaker, I rise in support of the proposed House amendment.

It has been my privilege to serve on the House Committee on Veterans' Affairs during this 94th Congress. In addition, I was honored by being appointed chairman of a special Subcommittee to Investigate Educational Overpayments and the Enforcement of Standards of Education as administered by the Veterans' Administration. The principal cause of the need for a special subcommittee was the shockingly high number of educational overpayments which have occurred during recent years. At the time of our hearings which were held during the months of April, May, and June of this year, the overpayments were in excess of $1 billion. In the interim, the total now approaches $1.8 billion. Unless the Congress acts, the educational overpayment problem will not only continue but will increase.

Another aspect of the educational overpayment problem is the number of abuses or "rip-offs" of the GI bill program. The great majority of veterans are using the GI bill as intended by Congress; namely, for a quick, successful readjustment to civilian life following their period to service in the Armed Forces.

Unfortunately there is a small percentage of unscrupulous veterans who, together with sharp operators, have bilked the Federal Government out of millions of dollars. A major contributing factor has been the difficulty experienced by the VA in carrying out more strict enforcement of the laws enacted by Congress.

Following our hearings, I introduced a bill cosponsored by a number of members of our special subcommittee including the distinguished chairman of the Subcommittee on Education and Training, Mr. TEAGUE, and the chairman of our full committee, Mr. ROBERTS. This subcommittee-developed bill (H.R. 15070) contains a number of provisions which reflect the concern and desire of the subcommittee regarding both the overpayments and elimination of known and identifiable abuses of the veterans' education program.

In addition our subcommittee was told that a major cause of the overpayments is found in the congressional approval of both the prepayment and advance payment provision whereby a veteran can obtain a check for up to 3 months of his entitlement before he is actually enrolled for educational training. Lastly, the subcommittee-developed bill includes an 8-percent increase in the education rates and contains other provisions which will be extremely helpful to the seriously service-connected disabled veterans in their efforts to overcome their employment handicaps.

Mr. Speaker, the amendment now before the House, H.R. 9576, contains most of the provisions which were incorporated in the bill I introduced following our oversight hearings on educational overpayments. I am pleased that these provisions aimed at tightening the Veteran's Administration regulations and making it much more difficult to abuse the program, both by veterans and by educational institutions are contained in the proposed House amendment. By eliminating the prepayment altogether by June 1, 1977, and making the advance payment available only upon request of the veteran, I feel a significant portion of the overpayments will be eliminated in the future, resulting in cost savings to the taxpayers of our country and a much better program.

I urge my colleagues to adopt the proposed House amendment.

The Senate bill was ordered to be read a third time, was read the third time, and passed.

The title was amended so as to read: "An act to amend title 38, United States Code, to set a termination date for veterans educational benefits under chapters 34 and 36, to increase vocational rehabilitation subsistence allowances, educational and training assistance allowances, and special allowances paid to eligible veterans and persons under chapters 31, 34, and 35; to extend the basic educational assistance eligibility for veterans and for certain dependents from thirty-six to forty-five months; to improve and expand the special program for educationally disadvantaged veterans and servicemen under chapter 34; to improve and expand the education loan program for veterans and persons eligible for benefits under chapter 34 or 35; to create a new chapter 32 (Post-Vietnam Era Veterans' Educational Assistance program) for those entering military service on or after January 1, 1977; to make other improvements in the educational assistance program; to clarify, codify, and strengthen the administration of educational benefits to prevent or reduce abuse; to promote the employment of veterans by improving and expanding the provisions governing the operation of the Veterans' Employment Service, and for other purposes."

A motion to reconsider was laid on the table.

APPENDIX E

Public Law 94-502
94th Congress

An Act

To amend title 38, United States Code, to set a termination date for veterans' educational benefits under chapters 34 and 36, to increase vocational rehabilitation subsistence allowances, educational and training assistance allowances, and special allowances paid to eligible veterans and persons under chapters 31, 34, and 35; to extend the basic educational assistance eligibility for veterans and for certain dependents from thirty-six to forty-five months; to improve and expand the special programs for educationally disadvantaged veterans and servicemen under chapter 34; to improve and expand the education loan program for veterans and persons eligible for benefits under chapter 34 or 35; to create a new chapter 32 (Post-Vietnam Era Veterans' Educational Assistance program) for those entering military service on or after January 1, 1977; to make other improvements in the educational assistance program; to clarify, codify, and strengthen the administration of educational benefits to prevent or reduce abuse; to promote the employment of veterans by improving and expanding the provisions governing the operation of Veterans' Employment Service; and for other purposes.

Oct. 15, 1976
[S. 969]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Veterans' Education and Employment Assistance Act of 1976".

Veterans' Education and Employment Assistance Act of 1976.
38 USC 101 note.

TITLE I—CHAPTER 31 DISABLED VETERANS' VOCATIONAL REHABILITATION RATE AND PROGRAM ADJUSTMENTS

SEC. 101. The table contained in section 1504(b) of title 38, United States Code, is amended to read as follows:

"Column I	Column II	Column III	Column IV	Column V
Type of training	No dependents	One dependent	Two dependents	More than two dependents
				The amount in column IV, plus the following for each dependent in excess of two:
Institutional:				
Full-time	$226	$280	$329	$24
Three-quarter-time	170	210	247	18
Half-time	113	140	165	12
Farm cooperative, apprentice, or other on-job training:				
Full-time	197	238	275	18".

SEC. 102. Section 1503(c) of title 38, United States Code, is amended by striking out ", but not beyond ten years after such termination date, or June 30, 1975, whichever date is the later," and inserting in lieu thereof "when such action is determined by the Administrator to be necessary for such veteran based upon such veteran's disability and need for vocational rehabilitation,".

SEC. 103. Section 1511 of title 38, United States Code, is amended by adding at the end thereof the following: "Notwithstanding any other provision of law, the facilities of any agency of the United States, as designated in clause (3) of this section, may be used to provide unpaid training or work experience as part or all of a veteran's program of vocational rehabilitation when the Administrator determines such training or work experience to be necessary to accomplish vocational rehabilitation. While pursuing such training or work experience, an uncompensated veteran shall be deemed an employee of the United States for the purposes of the benefits of chapter 81 of title 5 but not for the purposes of laws administered by the Civil Service Commission.".

SEC. 104. Chapter 31 of title 38, United States Code, is amended—

38 USC 1502. (1) by striking out in the second sentence of section 1502(b) "him" and inserting in lieu thereof "the veteran";

38 USC 1503. (2) by striking out in subsections (a) and (b) of section 1503 "his", "he", and "him" each time they appear and inserting in lieu thereof "the veteran's", "the veteran", and "the veteran", respectively;

(3) by striking out in section 1503(c) "him" and "he" each time they appear and inserting in lieu thereof "the veteran" and by striking out "his" the first and second time it appears and inserting in lieu thereof "the veteran's" and "the veteran", respectively;

38 USC 1504. (4) by striking out in subsections (a) and (c) of section 1504 "his" and "him" and inserting in lieu thereof "the veteran's" and "the employer", respectively;

38 USC 1505. (5) by striking out in section 1505 "he" and "his" and inserting in lieu thereof "the Administrator" and "the veteran's", respectively;

38 USC 1507. (6) by striking out in section 1507 "him" and inserting in lieu thereof "the Administrator";

38 USC 1508. (7) by striking out in section 1508 "he" and inserting in lieu thereof "the Administrator";

38 USC 1509. (8) by striking out in section 1509(a) "him", "his", and "he" each time they appear and inserting in lieu thereof "the veteran", "the veteran's", and "the veteran", respectively;

(9) by striking out in section 1509(b) "he" and inserting in lieu thereof "the Administrator";

38 USC 1510. (10) by striking out in section 1510 "he" each time it appears and inserting in lieu thereof "such person"; and

38 USC 1511. (11) by striking out in section 1511 "he" and inserting in lieu thereof "the Administrator".

TITLE II—VETERANS' EDUCATION RATE AND PROGRAM ADJUSTMENTS

SEC. 201. Chapter 34 of title 38, United States Code, is amended—

38 USC 1682. (1) by amending the table contained in paragraph (1) of section 1682(a) to read as follows:

"Column I	Column II	Column III	Column IV	Column V
Type of program	No dependents	One dependent	Two dependents	More than two dependents
				The amount in column IV, plus the following for each dependent in excess of two:
Institutional:				
Full-time	$292	$347	$396	$24
Three-quarter-time	219	260	297	18
Half-time	146	174	198	12
Cooperative	235	276	313	18";

(2) by striking out in section 1682(b) "$270" and inserting in lieu thereof "$292";

38 USC 1682.

(3) by amending the table contained in paragraph (2) of section 1682(c) to read as follows:

"Column I	Column II	Column III	Column IV	Column V
Basis	No dependents	One dependent	Two dependents	More than two dependents
				The amount in column IV, plus the following for each dependent in excess of two:
Full-time	$235	$276	$313	$18
Three-quarter-time	176	207	235	14
Half-time	118	138	157	9";

and

(4) by striking out in section 1696(b) "$270" and inserting in lieu thereof "$292".

38 USC 1696.

Sec. 202. Section 1652 of title 38, United States Code, is amended by adding at the end thereof the following new subsections:

"Institution of higher learning."
38 USC 1770 *et seq.*

"(f) For the purposes of this chapter and chapter 36 of this title, the term 'institution of higher learning' means a college, university, or similar institution, including a technical or business school, offering postsecondary level academic instruction that leads to an associate or higher degree if the school is empowered by the appropriate State education authority under State law to grant an associate or higher degree. When there is no State law to authorize the granting of a degree, the school may be recognized as an institution of higher learning if it is accredited for degree programs by a recognized accrediting agency. Such term shall also include a hospital offering educational programs at the postsecondary level without regard to whether the hospital grants a postsecondary degree.

"Standard college degree."
38 USC 1770 et seq.

"(g) For the purposes of this chapter and chapter 36 of this title, the term 'standard college degree' means an associate or higher degree awarded by (1) an institution of higher learning that is accredited as a collegiate institution by a recognized regional or national accrediting agency; or (2) an institution of higher learning that is a 'candidate' for accreditation as that term is used by the regional or national accrediting agencies; or (3) an institution of higher learning upon completion of a course which is accredited by an agency recognized to accredit specialized degree-level programs. For the purpose of this section, the accrediting agency must be one recognized by the Commissioner of Education under the provisions of section 1775 of this title.".

SEC. 203. Section 1661 of title 38, United States Code, is amended—

(1) by striking out in the second sentence of subsection (a) all after "period of" the second time it appears and inserting in lieu thereof "45 months (or the equivalent thereof in part-time educational assistance)."; and

(2) by amending subsection (c) to read as follows:

38 USC 1690, 1695.

"(c) Except as provided in subsection (b) and in subchapters V and VI of this chapter, no eligible veteran shall receive educational assistance under this chapter in excess of 45 months.".

Study.
38 USC 1501 note.
38 USC 1501, 1651, 1700, 1770.
38 USC 1673.

SEC. 204. (a) The Administrator shall carry out a study of the vocational objective programs approved for the enrollment of veterans and other eligible persons under chapters 31, 34, 35, and 36 of title 38, United States Code. The study shall include the extent to which such programs are in compliance with the applicable provisions of such chapters particularly the requirements of section 1673(a)(2) of that title.

(b) The findings and report of such study with respect to the provisions of section 1673(a)(2) of such title shall include, but shall not be limited to—

(1) the number of veterans and institutions submitting justification asserting compliance with the requirements of such section and the extent to which any courses were challenged or disqualified by a State approving agency or by the Veterans' Administration;

(2) the number of institutions and courses for which justification showing compliance with the requirements of such section was not submitted;

(3) the number of courses for which justification showing compliance with the requirements of this section was submitted and actively reviewed by either the appropriate State approving agency or by the Veterans' Administration;

(4) the extent to which courses subject to the requirements of such section have not been identified or surveyed;

38 USC 1501 note.

(5) the extent to which vocational objective programs have been converted to degree programs following enactment of Public Law 93-508;

(6) information as to completion rates of those courses submitting placement reports pursuant to such section;

(7) the extent to which justification submitted pursuant to such section disclosed invalid survey population;

(8) the extent to which justification submitted pursuant to such section disclosed improper exclusion of students who completed the course but did not take or pass a licensing examination given by the State;

(9) the extent to which justification submitted pursuant to such section disclosed improper exclusion of persons employed in other fields;

(10) the extent to which justification submitted pursuant to such section disclosed improper exclusion of persons as being in closely related occupations, when in fact they were not;

(11) the extent to which justification submitted pursuant to such section disclosed improper exclusion of some persons as not being available for employment;

(12) the extent to which there are deficiencies in basic procedures, instructions, and forms issued pursuant to such section; and

(13) the extent to which vocational objective programs are being pursued for avocational or recreational purposes.

Report to President and Congress.

(c) The Administrator shall report the results of the study carried out under this section to the Congress and the President not later than 180 days after the date of enactment of this Act and shall include in such report any recommendations for legislative or administrative action the Administrator deems appropriate.

SEC. 205. Section 1673 of title 38, United States Code, is amended—

(1) by striking out at the end of subsection (a)(2) "or";

(2) by striking out the period at the end of subsection (a)(3) and inserting in lieu thereof "; or";

(3) by adding at the end of subsection (a) a new clause (4) as follows:

"(4) any independent study program except one leading to a standard college degree."; and

(4) by amending subsection (d) to read as follows:

"(d) The Administrator shall not approve the enrollment of any eligible veteran, not already enrolled, in any course (other than one offered pursuant to subchapter V, any farm cooperative training course, or any course described in section 1789(b)(6) of this title) for any period during which the Administrator finds that more than 85 per centum of the students enrolled in the course are having all or part of their tuition, fees, or other charges paid to or for them by the educational institution, by the Veterans' Administration under this title and/or by grants from any Federal agency. The Administrator may waive the requirements of this subsection, in whole or in part, if the Administrator determines it to be in the interest of the eligible veteran and the Federal Government.".

SEC. 206. Section 1674 of title 38, United States Code, is amended by inserting immediately after the first sentence thereof the following: "Unless the Administrator finds there are mitigating circumstances, progress will be considered unsatisfactory at any time the eligible veteran is not progressing at a rate that will permit such veteran to graduate within the approved length of the course based on the training time as certified to the Veterans' Administration.".

SEC. 207. Section 1682 of title 38, United States Code, is amended by adding a new subsection (e) at the end thereof as follows:

"(e) The educational assistance allowance of an eligible veteran pursuing an independent study program which leads to a standard college degree shall be computed at the rate provided in subsection (b)(2) of this section. In those cases where independent study is combined with resident training and the resident training constitutes the major portion of such training, the maximum allowance may not exceed the full-time institutional allowance provided under subsection (a)(1) of this section.".

SEC. 208. Section 1685(b) of title 38, United States Code, is amended by adding at the end thereof the following: "In the event the veteran ceases to be a full-time student before completing such agreement, the veteran may, with the approval of the Administrator, be permitted to complete such agreement.".

Special supplementary assistance.

SEC. 209. Section 1692 of title 38, United States Code, is amended, by striking out in subsection (b) "$60" and "$720" and inserting in lieu thereof "$65" and "$780", respectively.

SEC. 210. Chapter 34 of title 38, United States Code, is amended—

38 USC 1652.

(1) by striking out in section 1652(e) "United States Code,";

(2) by striking out in subsections (a) and (b) of section 1681 "section 1780" and inserting in lieu thereof "chapter 36";

38 USC 1697A.

(3) by redesignating section 1697A as section 1698;

(4) by striking out in the table of sections at the beginning of such chapter "1697A" and inserting in lieu thereof "1698"; and

38 USC 1696.

(5) by amending section 1696 by inserting at the end thereof the following new subsection:

38 USC 1631.

"(d) After October 31, 1976, no person other than a member of the Armed Forces described in section 1631(b) of this title shall be permitted to enroll, or re-enroll, in any course provided under the authority of this subchapter.".

SEC. 211. Chapter 34 of title 38, United States Code, is amended—

38 USC 1652.

(1) by striking out in subsections (a) and (d) of section 1652 "he" and "wife" and inserting in lieu thereof "such individual" and "spouse", respectively;

38 USC 1661.

(2) by striking out in section 1661(a) "his" and "he" each time they appear and inserting in lieu thereof "the veteran's" and "the veteran", respectively;

38 USC 1662.

(3) by striking out in subsections (a), (b), and (d) of section 1662 "his" and "he" each time they appear and inserting in lieu thereof "the veteran's" and "the veteran", respectively;

38 USC 1663.

(4) by striking out in section 1663 "he" each time it appears and inserting in lieu thereof "the Administrator";

38 USC 1670

(5) by striking out in section 1670 "him" each time it appears and inserting in lieu thereof "the veteran";

38 USC 1671.

(6) by striking out in section 1671 "he" the first time it appears and inserting in lieu thereof "the Administrator", by striking out "he" the second time it appears and inserting in lieu thereof "the veteran or person", and by striking out "his" each time it appears and inserting in lieu thereof "the veteran's or person's";

38 USC 1673.

(7) by striking out in section 1673(a) "he" and "his" and inserting in lieu thereof "the Administrator" and "the veteran's", respectively;

38 USC 1674.

(8) by striking out in section 1674 "his" and "he" each time they appear and inserting in lieu thereof "the veteran's" and "the Administrator", respectively;

(9) by striking out in section 1676 "his" and "he" and inserting in lieu thereof "the Administrator's" and "the Administrator", respectively; 38 USC 1676.

(10) by striking out in section 1681(a) "his" and inserting in lieu thereof "the veteran's"; 38 USC 1681.

(11) by striking out in section 1685(c) "he" and "his" each time they appear and inserting in lieu thereof "the Administrator" and "the veteran's", respectively; 38 USC 1685.

(12) by striking out in section 1691(a) "his" and "he" each time they appear and inserting in lieu thereof "the veteran's" and "the veteran", respectively; 38 USC 1691.

(13) by striking out in section 1696(a) "he" and inserting in lieu thereof "the Administrator"; and 38 USC 1696.

(14) by striking out in subsections (a) and (b) of section 1698 (as redesignated by section 211(3) of this Act) "he" and "his" and inserting in lieu thereof "the Administrator" and "such person's", respectively. 38 USC 1698.

TITLE III—CHAPTER 35 SURVIVORS' AND DEPENDENTS' EDUCATIONAL ASSISTANCE RATE AND PROGRAM ADJUSTMENTS

SEC. 301. Chapter 35 of title 38, United States Code, is amended—

(1) by striking out in section 1732(b) "$217" and inserting in lieu thereof "$235"; and 38 USC 1732.

(2) by amending subsection (a) of section 1742 to read as follows: 38 USC 1742.

"(a) While the eligible person is enrolled in and pursuing a full-time course of special restorative training, the parent or guardian shall be entitled to receive on behalf of such person a special training allowance computed at the basic rate of $292 per month. If the charges for tuition and fees applicable to any such course are more than $92 per calendar month, the basic monthly allowance may be increased by the amount that such charges exceed $92 a month, upon election by the parent or guardian of the eligible person to have such person's period of entitlement reduced by one day for each $9.76 that the special training allowance paid exceeds the basic monthly allowance.".

SEC. 302. Section 1701(a) of title 38, United States Code, is amended by adding at the end thereof the following new paragraphs: 38 USC 1701.

"(10) For the purposes of this chapter and chapter 36 of this title, the term 'institution of higher learning' means a college, university, or similar institution, including a technical or business school, offering postsecondary level academic instruction that leads to an associate or higher degree if the school is empowered by the appropriate State education authority under State law to grant an associate or higher degree. When there is no State law to authorize the granting of a degree, the school may be recognized as an institution of higher learning if it is accredited for degree programs by a recognized accrediting agency. Such term shall also include a hospital offering educational programs at the postsecondary level without regard to whether the hospital grants a postsecondary degree. "Institution of higher learning." 38 USC 1770 *et seq.*

"(11) For the purposes of this chapter and chapter 36 of this title, the term 'standard college degree' means an associate or higher degree awarded by (A) an institution of higher learning that is accredited as a collegiate institution by a recognized regional or national accrediting agency; or (B) an institution of higher learning that is a 'candidate' for accreditation as that term is used by the regional or national "Standard college degree." 38 USC 1770 *et seq.*

accrediting agencies; or (C) an institution of higher learning upon completion of a course which is accredited by an agency recognized to accredit specialized degree-level programs. For the purpose of this section, the accrediting agency must be one recognized by the Commissioner of Education under the provisions of section 1775 of this title.".

38 USC 1775.

SEC. 303. Section 1711 of title 38, United States Code, as amended—

(1) by striking out in subsection (a) "thirty-six" and inserting in lieu thereof "45"; and

(2) by striking out in subsection (b) "nine" and inserting in lieu thereof "12".

SEC. 304. Section 1712 of title 38, United States Code, is amended—

(1) by striking out in clauses (3) and (4) of subsection (a) "five" each time it appears and inserting in lieu thereof "8";

(2) by amending clause (5) of subsection (a) to read as follows:

"(5)(A) if such person is enrolled in an educational institution regularly operated on the quarter or semester system and such period ends during a quarter or semester, such period shall be extended to the end of the quarter or semester; or

"(B) if such person is enrolled in an educational institution operated on other than a quarter or semester system and such period ends after a major portion of the course is completed, such period shall be extended to the end of the course, or until 12 weeks have expired, whichever first occurs."; and

(3) by repealing subsection (d) and redesignating subsections (e), (f), and (g), as subsections (d), (e), and (f), respectively.

Application.

SEC. 305. Section 1713 of title 38, United States Code, is amended to read as follows:

"The parent or guardian of a person or the eligible person if such person has attained legal majority for whom educational assistance is sought under this chapter shall submit an application to the Administrator which shall be in such form and contain such information as the Administrator shall prescribe. If the Administrator finds that the person on whose behalf the application is submitted is an eligible person, the Administrator shall approve the application provisionally. The Administrator shall notify the parent or guardian or eligible person (if the person has attained legal majority) of the provisional approval or of the disapproval of the application.".

SEC. 306. Section 1723(a) of title 38, United States Code, is amended—

(1) by striking out at the end of clause (2) "or";

(2) by striking out at the end of clause (3) the period and inserting in lieu thereof "; or"; and

(3) by adding at the end thereof a new clause (4) as follows:

"(4) any independent study program except one leading to a standard college degree.".

Discontinuance for unsatisfactory progress.

SEC. 307. Section 1724 of title 38, United States Code, is amended by inserting immediately after the first sentence thereof the following: "Unless the Administrator finds there are mitigating circumstances, progress will be considered unsatisfactory at any time an eligible person is not progressing at a rate that will permit such person to graduate within the approved length of the course based on the training time as certified to the Veterans' Administration.".

Computation.

SEC. 308. Section 1732(c) of title 38, United States Code, is amended by adding a new paragraph (3) at the end thereof as follows:

"(3) The monthly educational assistance allowance to be paid on behalf of an eligible person pursuing an independent study program which leads to a standard college degree shall be computed at the rate prescribed in section 1682(e) of this title.".

SEC. 309. (a) The title of chapter 35 of title 38, United States Code, is amended by striking out

"CHAPTER 35—WAR ORPHANS' AND WIDOWS' EDUCATIONAL ASSISTANCE"

and inserting in lieu thereof

"CHAPTER 35—SURVIVORS' AND DEPENDENTS' EDUCATIONAL ASSISTANCE"

(b) The table of chapters at the beginning of title 38, United States Code, and the table of chapters at the beginning of part III of such title are each amended by striking out

"35. War Orphans' and Widows' Education Assistance.................. 1700"

and inserting in lieu thereof

"35. Survivors' and Dependents' Educational Assistance................ 1700".

(c) Section 1731(a) is amended by striking out "section 1780" and inserting in lieu thereof "chapter 36". 38 USC 1731.

SEC. 310. Chapter 35 of title 38, United States Code, is amended—

(1) by striking out in section 1700 "widows", "wives", and "his" each time they appear and inserting in lieu thereof "surviving spouses", "spouses", and "the veteran's", respectively; 38 USC 1700.

(2) by striking out in section 1701(a) "widow" and "wife" each time they appear and inserting in lieu thereof "surviving spouse" and "spouse", respectively; 38 USC 1701.

(3) by striking out in section 1701(b) "his" and inserting in lieu thereof "the person's" and by striking out "himself";

(4) by striking out in section 1701(c) "his" each time it appears and inserting in lieu thereof "such person's" and by striking out "himself";

(5) by striking out in section 1701(d) "he" each time it appears and inserting in lieu thereof "such person";

(6) by striking out in section 1711(b) "she" the first time it appears and inserting in lieu thereof "the spouse", by striking out "her" each time it appears and inserting in lieu thereof "such person's", and by striking out "he or she" each time it appears and inserting in lieu thereof "such person"; 38 USC 1711.

(7) by striking out in section 1712(a) "him", "his", and "he" each time they appear and inserting in lieu thereof "the person", "the person's", and "the person", respectively; 38 USC 1712.

(8) by striking out in section 1712(c) "him", "he", "his" each time they appear and inserting in lieu thereof "such person", "such person", and "such person's", respectively;

(9) by striking out in subsections (e) and (f) of section 1712 (as redesignated by section 304(3) of this Act) "her" and "he" and inserting in lieu thereof "the" and "such person", respectively;

(10) by striking out in section 1720(a) "his" each time it appears and inserting in lieu thereof "such person's"; 38 USC 1720.

(11) by striking out in section 1721 "he" and inserting in lieu thereof "the Administrator"; 38 USC 1721.

38 USC 1723. (12) by striking out in section 1723(a) "he" and "his" and inserting in lieu thereof "the Administrator" and "the person's", respectively;

(13) by striking out in section 1723(c) "his" and "he" and inserting in lieu thereof "the Administrator's" and "the Administrator", respectively;

(14) by striking out in section 1723(d) "his" each time it appears and inserting in lieu thereof "such person's";

38 USC 1724. (15) by striking out in section 1724 "he" the first time it appears and inserting in lieu thereof "such person", by striking out "his" each time it appears and inserting in lieu thereof "the person's", and by striking out "he" the second time it appears and inserting in lieu thereof "the Administrator";

38 USC 1731. (16) by striking out in section 1731(b) "his" and "he" and inserting in lieu thereof "the person's" and "the person", respectively;

38 USC 1733. (17) by striking out in section 1733(a) "wife or widow" and "she" and inserting in lieu thereof "spouse or surviving spouse" and "such spouse", respectively;

(18) by striking out in section 1733(b) "he" and inserting in lieu thereof "such person";

38 USC 1734. (19) by striking out in section 1734(b) "wife or widow" and inserting in lieu thereof "spouse or surviving spouse";

38 USC 1736. (20) by striking out in section 1736 "he" and inserting in lieu thereof "the Administrator";

38 USC 1741. (21) by striking out in section 1741(b) "he" and inserting in lieu thereof "the Administrator";

38 USC 1743. (22) by striking out in subsections (a) and (b) of section 1743 "his" and "he" each time they appear and inserting in lieu thereof "the Administrator's" and "the Administrator", respectively;

38 USC 1761. (23) by striking out in section 1761(a) "he" and inserting in lieu thereof "the Administrator"; and

38 USC 1763. (24) by striking out in section 1763 "his" and inserting in lieu thereof "such person's".

TITLE IV—POST-VIETNAM ERA VETERANS' EDUCATIONAL ASSISTANCE ACT

Post-Vietnam Era Veterans' Educational Assistance Act of 1977.
38 USC 1601 note.

SEC. 401. This title may be cited as the "Post-Vietnam Era Veterans' Educational Assistance Act of 1977".

SEC. 402. Section 1652 of title 38, United States Code, is amended—

(1) by amending paragraph (1) of subsection (a) to read as follows:

"Eligible veteran."

"(1) The term 'eligible veteran' means any veteran who—

"(A) served on active duty for a period of more than 180 days, any part of which occurred after January 31, 1955, and before January 1, 1977, and was discharged or released therefrom under conditions other than dishonorable; or

"(B) contracted with the Armed Forces and was enlisted in or assigned to a reserve component prior to January 1, 1977, and as a result of such enlistment or assignment served on active duty for a period of more than 180 days, any part of which commenced within 12 months after January 1, 1977, and was discharged or released from such active duty under conditions other than dishonorable; or

"(C) was discharged or released from active duty, any part of which was performed after January 31, 1955, and before January 1, 1977, or following entrance into active service from an enlistment provided for under clause (B) of this paragraph, because of a service-connected disability."; and

(2) by inserting in subsection (a)(2) "or (B)" after "paragraph (1)(A)".

SEC. 403. (a) Section 1661(a) of title 38, United States Code, is amended by adding at the end thereof a new sentence as follows: "In the case of any person serving on active duty on December 31, 1976, or a person whose eligibility is based on section 1652(a)(1)(B) of 38 USC 1652. this chapter, the ending date for computing such person's entitlement shall be the date of such person's first discharge or release from active duty after December 31, 1976.".

(b) Section 1662 of title 38, United States Code, is amended by inserting at the end thereof the following new subsection:

"(e) No educational assistance shall be afforded any eligible veteran under this chapter or chapter 36 of this title after December 31, 38 USC 1770 *et seq.* 1989.".

SEC. 404. Part III of title 38, United States Code, is amended by inserting immediately after chapter 31 of such title a new chapter as follows:

"CHAPTER 32—POST-VIETNAM ERA VETERANS' EDUCATIONAL ASSISTANCE

"SUBCHAPTER I—PURPOSE; DEFINITIONS

"Sec.
"1601. Purpose.
"1602. Definitions.

"SUBCHAPTER II—ELIGIBILITY; CONTRIBUTIONS; AND MATCHING FUND

"1621. Eligibility.
"1622. Contributions; matching fund.
"1623. Refunds of contributions upon disenrollment.
"1624. Death of participant.
"1625. Discharge or release under conditions which would bar use of benefits.

"SUBCHAPTER III—ENTITLEMENT; DURATION

"1631. Entitlement; loan eligibility.
"1632. Duration; limitations.

"SUBCHAPTER IV—ADMINISTRATION

"1641. Requirements.
"1642. Reporting requirements.
"1643. Deposits; reports.

"Subchapter I—Purpose; Definitions

"§ 1601. Purpose

38 USC 1601.

"It is the purpose of this chapter (1) to provide educational assistance to those men and women who enter the Armed Forces after December 31, 1976, (2) to assist young men and women in obtaining an education they might not otherwise be able to afford, and (3) to promote and assist the all volunteer military program of the United States by attracting qualified men and women to serve in the Armed Forces.

38 USC 1602.

"§ 1602. Definitions

"For the purposes of this chapter—

"(1)(A) The term 'eligible veteran' means any veteran who (i) initially entered military service on or after January 1, 1977, served on active duty for a period of more than 180 days commencing on or after such date, and was discharged or released therefrom under conditions other than dishonorable, or (ii) initially entered military service on or after January 1, 1977, and was discharged or released from active duty after such date for a service-connected disability.

"(B) The requirement of discharge or release, prescribed in subparagraph (A), shall be waived in the case of any participant who has completed his or her first obligated period of active duty (which began after December 31, 1976) or 6 years of active duty (which began after December 31, 1976), whichever period is less.

"(C) For the purposes of subparagraphs (A) and (B), the term 'active duty' does not include any period during which an individual (i) was assigned full time by the Armed Forces to a civilian institution for a course of education which was substantially the same as established courses offered to civilians, (ii) served as a cadet or midshipman at one of the service academies, or (iii) served under the provisions of section 511(d) of title 10 pursuant to an enlistment in the Army National Guard or the Air National Guard, or as a Reserve for service in the Army Reserve, Naval Reserve, Air Force Reserve, Marine Corps Reserve, or Coast Guard Reserve.

"(2) The terms 'program of education' and 'educational institution' shall have the same meaning ascribed to them in sections 1652(b) and 1652(c), respectively, of this title. 38 USC 1652.

"(3) The term 'participant' is a person who is participating in the educational benefits program established under this chapter.

"Subchapter II—Eligibility; Contributions; and Matching Fund

38 USC 1621.

"§ 1621. Eligibility

"(a) Each person entering military service on or after January 1, 1977, shall have the right to enroll in the educational benefits program provided by this chapter (hereinafter in this chapter referred to as the 'program' except where the text indicates otherwise) at any time during such person's service on active duty. When a person elects to enroll in the program, such person must participate for at least 12 consecutive months before disenrolling or suspending participation.

"(b) The requirement for 12 consecutive months of participation required by subsection (a) of this section shall not apply when (1) the participant suspends participation or disenrolls from the program because of personal hardship as defined in regulations issued jointly by the Administrator and the Secretary of Defense (hereinafter in this chapter referred to as the 'Secretary'), or (2) the participant is discharged or released from active duty.

"(c) A participant shall be permitted to suspend participation or disenroll from the program at the end of any 12-consecutive-month period of participation. If participation is suspended, the participant shall be eligible to make additional contributions to the program under such terms and conditions as shall be prescribed by regulations issued jointly by the Administrator and the Secretary.

"(d) If a participant disenrolls from the program, such participant forfeits any entitlement to benefits under the program except as provided in subsection (e) of this section. A participant who disenrolls from the program is eligible for a refund of such participant's contributions as provided in section 1623 of this title.

"(e) A participant who has disenrolled may be permitted to reenroll in the program under such conditions as shall be prescribed jointly by the Administrator and the Secretary.

"§ 1622. Contributions; matching fund

38 USC 1622.

"(a) Each person electing to participate in the program shall agree to have a monthly deduction made from such person's military pay. Such monthly deduction shall be in any amount not less than $50 nor more than $75 except that the amount must be divisible by 5. Any such amount contributed by the participant or contributed by the Secretary pursuant to subsection (c) of this section shall be deposited in a deposit fund account entitled the 'Post—Vietnam Era Veterans Education Account' (hereinafter in this chapter referred to as the 'fund') to be established in the Treasury of the United States. Contributions made by the participant shall be limited to a maximum of $2,700.

"(b) Except as otherwise provided in this chapter, each monthly contribution made by a participant under subsection (a) shall entitle the participant to matching funds from the Veterans' Administration at the rate of $2 for each $1 contributed by the participant.

"(c) The Secretary is authorized to contribute to the fund of any participant such contributions as the Secretary deems necessary or appropriate to encourage persons to enter or remain in the Armed Forces. The Secretary is authorized to issue such rules and regulations as the Secretary deems necessary or appropriate to implement the provisions of this subsection.

Rules and regulations.

"§ 1623. Refunds of contributions upon disenrollment

38 USC 1623.

"(a) Contributions made to the program by a participant may be refunded only after the participant has disenrolled from the program or as provided in section 1624.

"(b) If a participant disenrolls from the program prior to discharge or release from active duty, such participant's contributions will be refunded on the date of the participant's discharge or release from active duty or within 60 days of receipt of notice by the Administrator of the participant's discharge or disenrollment, except that refunds may be made earlier in instances of hardship or other good reason as prescribed in regulations issued jointly by the Administrator and the Secretary.

"(c) If a participant disenrolls from the program after discharge or release from active duty, the participant's contributions shall be refunded within 60 days of receipt of an application for a refund from the participant.

"(d) In the event the participant (1) dies while on active duty, (2) dies after discharge or release from active duty, or (3) disenrolls or is disenrolled from the program without having utilized any entitlement, the participant may have accrued under the program, or, in the event the participant utilizes part of such participant's entitlement and disenrolls or is disenrolled from the program, the amount contributed by the Secretary under the authority of section 1622(c) remaining in the fund shall be refunded to the Secretary.

"§ 1624. Death of participant

38 USC 1624.

"(a) If a participant dies, the amount of such participant's unused contributions to the fund shall be paid (1) to the beneficiary or beneficiaries designated by such participant under such participant's Servicemen's Group Life Insurance policy, or (2) to the participant's estate if no beneficiary has been designated under such policy or if the participant is not insured under the Servicemen's Group Life Insurance program.

"(b) If a participant dies after having been discharged or released from active duty and before using any or all of the contributions which the participant made to the fund, such unused contributions shall be paid as prescribed in subsection (a) of this section.

38 USC 1625.

"§ 1625. Discharge or release under conditions which would bar the use of benefits

"If a participant in the program is discharged or released from active duty under dishonorable conditions, such participant is automatically disenrolled and any contributions made by such participant shall be refunded to such participant on the date of such participant's discharge or release from active duty or within 60 days from receipt of notice by the Administrator of such discharge or release, whichever is later.

"Subchapter III—Entitlement; Duration

38 USC 1631.

"§ 1631. Entitlement; loan eligibility

"(a)(1) A participant shall be entitled to a maximum of 36 monthly benefit payments (or their equivalent in the event of part-time benefit payments).

"(2) The amount of the monthly payment to which any eligible veteran is entitled shall be ascertained by (A) adding all contributions made to the fund by the eligible veteran, (B) multiplying the sum by 3, (C) adding all contributions made to the fund for such veteran by the Secretary, and (D) dividing the sum by the lesser of 36 or the number of months in which contributions were made by such veteran.

"(3) Payment of benefits under this chapter may be made only for periods of time during which an eligible veteran is actually enrolled in and pursuing an approved program of education and, except as provided in paragraph (4), only after an eligible veteran has been discharged or released from active duty.

"(4) Payment of benefits under this chapter may be made after a participant has completed his or her first obligated period of active duty (which began after December 31, 1976), or 6 years of active duty (which began after December 31, 1976), whichever period is less.

"(b) Any enlisted member of the Armed Forces participating in the program shall be eligible to participate in the Predischarge Education Program (PREP), authorized by subchapter VI of chapter 34 of this title, during the last 6 months of such member's first enlistment. 38 USC 1681.

"(c) When an eligible veteran is pursuing either a program of education under this chapter by correspondence or a program of flight training, such eligible veteran's entitlement shall be charged at the rate of 1 month's entitlement for each month of benefits paid to the eligible veteran (computed on the basis of the formula provided in subsection (a)(2) of this section).

"(d) Eligible veterans participating in the program shall be eligible for education loans authorized by subchapter III of chapter 36 of this title in such amounts and on the same terms and conditions as provided in such subchapter, except that the term 'eligible veteran' as used in such subchapter shall be deemed to include 'eligible veteran' as defined in this chapter. 38 USC 1798.

38 USC 1632.

"§ 1632. Duration; limitations

"No educational assistance benefits shall be afforded an eligible veteran under this chapter beyond the date of 10 years after such veteran's last discharge or release from active duty. In the event an eligible veteran has not utilized any or all of such veteran's entitlement by the end of the 10-year period, such eligible veteran is automatically disenrolled and any contributions made by such veteran remaining in the fund shall be refunded to the veteran following notice to the veteran and an application by the veteran for such refund. If no application is received within 1 year from date of notice, it will be presumed for the purposes of subsection (a) of section 725s of title 31, that the individual's whereabouts is unknown and the funds shall be transferred as directed in the last proviso of that subsection.

"Subchapter IV—Administration

"§ 1641. Requirements

38 USC 1641.

"The provisions of sections 1670, 1671, 1673, 1674, 1676, 1677, 1681(c), 1683, 1696, and 1698 of this title and the provisions of chapter 36 of this title, with the exception of sections 1777, 1780(c), and 1787, shall be applicable to the program.

38 USC 1770 *et seq.*

"§ 1642. Reporting requirements

38 USC 1642.

Report to congressional committees.

"The Administrator and the Secretary shall, within 90 days after the date of enactment of this chapter, submit to the Committees on Veterans' Affairs of the Senate and House of Representatives a joint report containing their respective plans for implementation of the program provided for in this chapter. The Administrator and the Secretary shall submit to such committees a report each year detailing the operations of the program during the preceding year. The first such annual report shall be submitted 15 months after the date of enactment of this section.

"§ 1643. Deposits; reports

38 USC 1643.

"Deductions made by the Department of Defense from the military pay of any participant shall be promptly transferred to the Administrator for deposit in the fund. The Secretary shall also submit to the Administrator a report each month showing the name, service number, and the amount of the deduction made from the military pay of each initial enrollee, any contribution made by the Secretary pursuant to section 1622(c), as well as any changes in each participant's enrollment and/or contribution. The report shall also include any additional information the Administrator and the Secretary deem necessary to administer this program. The Administrator shall maintain accounts showing contributions made to the fund by individual participants and by the Secretary as well as disbursements made from the fund in the form of benefits.".

Report to Administrator.

Sec. 405. The table of chapters at the beginning of title 38, United States Code, and the table of chapters at the beginning of part III of such title are each amended by inserting immediately below

"31. Vocational Rehabilitation .... 1501"

the following:

"32. Post-Vietnam Era Veterans' Educational Assistance .... 1601".

Sec. 406. The provisions of this title shall become effective on January 1, 1977.

Effective date. 38 USC 1601 note.

Sec. 407. Section 725s(b) of title 31, United States Code, is amended by adding at the end thereof the following:

"(84) Post-Vietnam Era Veterans Education Account, Veterans' Administration."

Sec. 408. (a)(1) No individual on active duty in the Armed Forces may initially enroll in the educational assistance program provided

38 USC 1621 note.

for in chapter 32 of title 38, United States Code (as added by section 404 of this Act) after December 31, 1981, unless—

Recommendation to Congress.

(A) before June 1, 1981, the President submits to both Houses of Congress a written recommendation that such program continue to be open for new enrollments; and

(B) before the close of the 60-day period after the day on which the President submits to Congress the recommendation described in subparagraph (A), neither the House of Representatives nor the Senate adopts, by an affirmative vote of a majority of those present and voting in that House, a resolution which in substance disapproves such recommendation.

(2) For purposes of computing the 60-day period referred to in paragraph (1)(B), there shall be excluded—

(A) the days on which either House is not in session because of an adjournment of more than 3 days to a day certain or an adjournment of the Congress sine die, and

(B) any Saturday and Sunday, not excluded under the preceding subparagraph, when either House is not in session.

The recommendation referred to in paragraph (1)(A) shall be delivered to both Houses of Congress on the same day and shall be delivered to the Clerk of the House of Representatives if the House is not in session and to the Secretary of the Senate if the Senate is not in session.

(b) If new enrollments after December 31, 1981, in the educational assistance program provided for in such chapter 32 are authorized after the application of the provisions of subsection (a), then effective January 1, 1982, section 1622(b) of title 38, United States Code, is amended by striking out "Veterans' Administration" and inserting in lieu thereof "Department of Defense."

TITLE V—CHAPTER 36 EDUCATION LOAN AND PROGRAM ADMINISTRATION AMENDMENTS

SEC. 501. Chapter 36 of title 38, United States Code, is amended—

38 USC 1786.

(1) by striking out in section 1786(a)(2) "$270" and inserting in lieu thereof "$292"; and

(2) by amending the table contained in paragraph (1) of section 1787(b) to read as follows:

"Column I	Column II	Column III	Column IV	Column V
Periods of training	No dependents	One dependent	Two dependents	More than two dependents
				The amount in column IV, plus the following for each dependent in excess of two:
First 6 months	$212	$238	$260	$11
Second 6 months	159	185	207	11
Third 6 months	106	132	154	11
Fourth and any succeeding 6-month periods	53	79	101	11".

SEC. 502. (a) Section 1798 of title 38, United States Code, is amended—

(1) by striking out in subsection (b)(3) "$270" and "$600" and inserting in lieu thereof "$292" and "$1,500", respectively; and

(2) by amending clause (3) of subsection (d) to read as follows:

"(3) shall provide that the loan shall bear interest, on the unpaid balance of the loan, at a rate prescribed by the Administrator, at the time the loan is contracted for which rate shall be comparable to the rate of interest charged students at such time on loans insured by the Commissioner of Education, Department of Health, Education, and Welfare, under part B of title IV of the Higher Education Act of 1965, but in no event shall the rate so prescribed by the Administrator exceed the rate charged students on such insured loans, and shall provide that no interest shall accrue prior to the beginning date of repayment; and". 20 USC 1071

(b) The amendments made by subsection (a) shall be effective with respect to loans made under section 1798 of title 38, United States Code, on and after October 1, 1976. 38 USC 1798 note.

SEC. 503. Section 1774 of title 38, United States Code, is amended—

(1) by adding at the end of subsection (a) thereof the following new sentence: "The Administrator may also reimburse such agencies for work performed by their subcontractors where such work has a direct relationship to the requirements of chapter 32, 34, 35, or 36 of this title, and has had the prior approval of the Administrator."; and *Ante*, p. 2393. 38 USC 1651, 1700, 1770.

(2) by amending subsection (b) to read as follows:

"(b) The allowance for administrative expenses incurred pursuant to subsection (a) of this section shall be paid in accordance with the following formula:

"Total salary cost reimbursable under this section	Allowable for administrative expense
$5,000 or less	$600.
Over $5,000 but not exceeding $10,000	$1,080.
Over $10,000 but not exceeding $35,000	$1,080 for the first $10,000 plus $1,091 for each additional $5,000 or fraction thereof.
Over $35,000 but not exceeding $40,000	$6,535.
Over $40,000 but not exceeding $75,000	$6,535 for the first $40,000 plus $865 for each additional $5,000 or fraction thereof.
Over $75,000 but not exceeding $80,000	$12,960.
Over $80,000	$12,960 for the first $80,000 plus $755 for each additional $5,000 or fraction thereof.".

SEC. 504. Section 1775 of title 38, United States Code, is amended—

(1) by striking out the period at the end of subsection (a) and inserting in lieu thereof "which must be certified as true and correct in content and policy by an authorized representative of the school. The catalog or bulletin must specifically state its progress requirements for graduation and must include as a minimum the information required by sections 1776(b) (6) and (7) of this title."; and

(2) by inserting before the period in the first sentence of subsection (b) the following: "and must include as a minimum (except for attendance) the requirements set forth in section 1776(c)(7) of this title".

SEC. 505. Section 1780(a) of title 38, United States Code, is amended—

(1) by striking out at the end of clause (1) "or";

(2) by striking out the period at the end of clause (2) and inserting in lieu thereof a semicolon; and

(3) by inserting immediately after clause (2) the following new clauses:

"(3) to any eligible veteran or person for auditing a course;

"(4) to any eligible veteran or person for a course for which the grade assigned is not used in computing the requirements for graduation including a course from which the student withdraws unless the Administrator finds there are mitigating circumstances; or

38 USC 1786.

"(5) to any eligible veteran or person for pursuit of a program of education exclusively by correspondence as authorized under section 1786 of this title or for the pursuit of a correspondence portion of a combination correspondence-residence course leading to a vocational objective where the normal period of time required to complete such correspondence course or portion is less the 6 months. A certification as to the normal period of time required to complete the course must be made to the Administrator by the educational institution.".

SEC. 506. The last sentence of section 1780(a) of title 38, United States Code, is amended to read as follows: "Notwithstanding the foregoing, the Administrator may, subject to such regulations as the Administrator shall prescribe, continue to pay allowances to eligible veterans and eligible persons enrolled in courses set forth in clause (1) or (2) of this subsection—

"(A) during periods when the schools are temporarily closed under an established policy based upon an Executive order of the President or due to an emergency situation, and such periods shall not be counted as absences for the purposes of clause (2);

"(B) during periods between consecutive school terms where such veterans or persons transfer from one approved educational institution to another approved educational institution for the purpose of enrolling in and pursuing a similar course at the second institution if the period between such consecutive terms does not exceed 30 days, but such periods shall be counted as absences for the purposes of clause (2); or

"(C) during periods between a semester, term, or quarter where the educational institution certifies the enrollment of the eligible veteran or eligible person on an individual semester, term, or quarter basis if the interval between such periods does not exceed 1 full calendar month, but such periods shall be counted as absences for the purposes of clause (2).".

SEC. 507. Section 1784(a) of title 38, United States Code, is amended by adding at the end thereof the following: "The date of interruption or termination will be the last date of pursuit or, in the case of correspondence training, the last date a lesson was serviced by the school.".

SEC. 508. Section 1784(b) of title 38, United States Code, is amended by striking out "$3" and "$4" and inserting in lieu thereof "$5" and "$6", respectively.

SEC. 509. (a) Section 1788(a) of title 38, United States Code, is amended—

(1) by striking out the semicolon at the end of clause 1 and inserting in lieu thereof a comma and the following: "but if such

38 USC 1775.

course is approved pursuant to section 1775 of this title, then 27 hours per week of attendance, with no more than 2½ hours of rest period per week allowed and excluding supervised study, shall be considered full time;"; and

(2) by striking out the semicolon at the end of clause 2 and inserting in lieu thereof a comma and the following: "but if such course is approved pursuant to section 1775 of this title, then 22 hours per week net of instruction (excluding supervised study), which may include customary intervals not to exceed ten minutes between hours of instruction, shall be considered full time;"

(b) Section 1789 of title 38, United States Code, is amended—

(1) by striking out "or" at the end of clause (4) in subsection (b);

(2) by striking out the period at the end of clause (5) in subsection (b) and inserting in lieu thereof "; or";

(3) by adding at the end of subsection (b) a new clause (6) to read as follows:

"(6) any course offered by an educational institution under a contract with the Department of Defense that (A) is given on, or immediately adjacent to, a military base; (B) is available only to active duty military personnel and/or their dependents and (C) has been approved by the State approving agency of the State in which the base is located."; and

(4) by adding at the end thereof a new subsection (c) as follows:

"(c) Notwithstanding the provisions of subsection (b) (1), (2), (3), or (4) of this section, the provisions of subsection (a) shall apply to any course offered by a branch or extension of—

"(1) a public or other tax-supported institution where the branch or extension is located outside of the area of the taxing jurisdiction providing support to such institution; or

"(2) a proprietary profit or proprietary nonprofit educational institution where the branch or extension is located beyond the normal commuting distance of such institution.".

SEC. 510. Section 1790(c) of title 38, United States Code, is amended to read as follows:

"(c) Notwithstanding any other provision of law, the records and accounts of educational institutions pertaining to eligible veterans or eligible persons who received educational assistance under this chapter or chapter 31, 32, 34, or 35 of this title, as well as the records of other students which the Administrator determines necessary to ascertain institutional compliance with the requirements of such chapters, shall be available for examination by duly authorized representatives of the Government.".

38 USC 1501.
Ante, p. 2393.
38 USC 1651, 1700.

SEC. 511. Subchapter II of chapter 36, United States Code, is amended—

(1) by striking out section 1793 and inserting in lieu thereof the following:

"§ 1793. Compliance surveys

38 USC 1793.

"The Administrator shall conduct an annual compliance survey of each institution offering one or more courses approved for the enrollment of eligible veterans or persons where at least 300 veterans or persons are enrolled under provisions of this title or where the course does not lead to a standard college degree. Such compliance survey shall assure that the institution and approved courses are in compliance with all applicable provisions of chapters 31, 34, 35, and 36 of this title. The Administrator shall assign at least one education compliance specialist to work on compliance surveys in any year for each 40 compliance surveys required to be made under this section."; and

(2) by striking out in the table of sections at the beginning of chapter 36 of such title

"1793. Institutions listed by Attorney General."

and inserting in lieu thereof

"1793. Compliance surveys.".

Advertising, sales, and enrollment.

SEC. 512. Section 1796 of title 38, United States Code, is amended—

(1) by redesignating subsections (b) and (c) as (c) and (d), respectively; and

(2) by inserting after subsection (a) a new subsection (b) as follows:

"(b) To ensure compliance with this section, any institution offering courses approved for the enrollment of eligible persons or veterans shall maintain a complete record of all advertising, sales, or enrollment materials (and copies thereof) utilized by or on behalf of the institution during the preceding 12-month period. Such record shall be available for inspection by the State approving agency or the Administrator. Such materials shall include but are not limited to any direct mail pieces, brochures, printed literature used by sales persons, films, video tapes, and audio tapes disseminated through broadcast media, material disseminated through print media, tear sheets, leaflets, handbills, fliers, and any sales or recruitment manuals used to instruct sales personnel, agents, or representatives of such institution.".

SEC. 513. (a) Chapter 36 of title 38, United States Code, is amended—

38 USC 1771. (1) by striking out in section 1771(a) "his" and inserting in lieu thereof "such";

38 USC 1775. (2) by striking out in section 1775(a) "he" and inserting in lieu thereof "the Commissioner";

38 USC 1777. (3) by striking out in subsections (b) and (c) of section 1777 "he", "him", "his" each time they appear and inserting in lieu thereof "the veteran or person", "the veteran or person", and "such veteran's or person's", respectively;

38 USC 1779. (4) by striking out in section 1779(b) "his" and inserting in lieu thereof "the Administrator's";

38 USC 1780. (5) by striking out in subsections (a) and (b) of section 1780 "his", "wife or widow", and "wife's or widow's" each time they appear and inserting in lieu thereof "such veteran's or person's", "spouse or surviving spouse", and "spouse's or surviving spouse's", respectively;

(6) by striking out in subsections (c) and (d) of section 1780 "his" and "he" each time they appear and inserting in lieu thereof "such veteran's or person's" and "the veteran or person", respectively;

(7) by inserting "may" immediately before "need" in section 1780(d)(1);

(8) by inserting immediately after the fourth sentence in section 1780(d)(2) the following new sentence: "An advance pay-

ment may not be made under this subsection to any veteran or person unless the veteran or person requests such payment and the Administrator finds that the educational institution at which such veteran or person is accepted or enrolled has agreed to, and can satisfactorily, carry out the provisions of paragraphs 5(B) and (C) and (6) of this subsection."

(9) by striking out section 1780(e) and the heading thereto; 38 USC 1780.

(10) by redesignating subsections (f), (g), and (h) of section 1780 as subsections (e), (f), and (g), respectively, and by adding at the end of such subsection (g) (as so redesignated) the following: "Subject to such reports and proof as the Administrator may require to show an eligible veteran's or eligible person's enrollment in and satisfactory pursuit of such person's program, the Administrator is authorized to withhold the final payment of benefits to such person until the required proof is received and the amount of the final payment is appropriately adjusted.";

(11) by striking out in section 1780(f) "him" and inserting in lieu thereof "such veteran or person";

(12) by striking out in section 1780(h) "he" the first time it appears and inserting in lieu thereof "the Administrator" and by striking out "he" the second time it appears and inserting in lieu thereof "the veteran or person";

(13) by striking out in section 1781 "him" and inserting in lieu 38 USC 1781. thereof "such person";

(14) by striking out in section 1783(a) "his" and inserting in 38 USC 1783. lieu thereof "such officer's or employee's";

(15) by striking out in section 1783(b) "he" the first time it appears and inserting in lieu thereof "such person" and by striking out "he" the second time it appears and inserting in lieu thereof "the Administrator";

(16) by striking out in section 1783(d) "he" and inserting in lieu thereof "the Administrator";

(17) by striking out in subsections (a) and (b) of section 1784 38 USC 1784. "him" and inserting in lieu thereof "the Administrator";

(18) by striking out in subsections (a), (b), and (c) of section 1786 "wife and widow" and "his" each time they appear and inserting in lieu thereof "spouse or surviving spouse" and "such veteran's or spouse's", respectively;

(19) by striking out in subsections (a), (b), and (d) of section 1790 "he" each time it appears and inserting in lieu thereof "the Administrator";

(20) by striking out in subsections (a), (b), and (c) of section 1791 "his" and "he" each time they appear and inserting in lieu thereof "the veteran's or person's" and "the Administrator", respectively;

(21) by striking out in section 1794 "his" and inserting in lieu 38 USC 1794. thereof "the Administrator's";

(22) by striking out in section 1796(c) (as redesignated by 38 USC 1796. section 513(1) of this Act) "his" and inserting in lieu thereof "the Administrator's";

(23) by striking out in section 1798(b)(1) "he" and inserting 38 USC 1798. in lieu thereof "the veteran or person" and by striking out in section 1798(e)(1) "he" and inserting in lieu thereof "the Administrator"; and

38 USC 1799.

(24) by striking out in section 1799(d) "his" and inserting in lieu thereof "the Administrator's".

Effective date. 38 USC 1780 note.

(b) The amendments made by paragraphs (7), (8), (9), and (10) of subsection (a) shall take effect June 1, 1977, and shall apply with respect to educational assistance allowances and subsistence allowances paid under title 38, United States Code, for months after May 1977.

TITLE VI—VETERANS' EMPLOYMENT ASSISTANCE PROVISIONS

SEC. 601. (a) Section 2002 of title 38, United States Code, is amended by inserting "by a Deputy Assistant Secretary of Labor for Veterans' Employment, established by section 2002A of this title," after "promulgated and administered".

(b) Chapter 41 of title 38, United States Code, is amended by—

(1) adding after section 2002 a new section as follows:

38 USC 2002A.

"§ 2002A. Deputy Assistant Secretary of Labor for Veterans' Employment

"There is established within the Department of Labor a Deputy Assistant Secretary of Labor for Veterans' Employment, appointed by the President by and with the advice and consent of the Senate, who shall be the principal advisor to the Secretary of Labor with respect to the formulation and implementation of all departmental policies and procedures to carry out (1) the purposes of this chapter, chapter 42, and chapter 43 of this title, and (2) all other Department of Labor employment, unemployment, and training programs to the extent they affect veterans."; and

38 USC 2010, 2021.

(2) amending the table of sections at the beginning of chapter 41 of such title by inserting

"2002A. Deputy Assistant Secretary of Labor for Veterans' Employment.

after

"2002. Purposes.".

Repeal. 38 USC 2002 note.

(c) Section 104(a) of the Emergency Jobs and Unemployment Assistance Act of 1974 (Public Law 93-567) is repealed.

SEC. 602. Section 2003 of title 38, United States Code, is amended—

(1) by inserting in the fourth sentence "or by prime sponsors under the Comprehensive Employment and Training Act" after "programs administered by the Secretary";

(2) by striking out "and" at the end of clause (5); and

(3) by redesignating clause (6) as clause (7) and inserting new clause (6) as follows:

"(6) promote the participation of veterans in Comprehensive Employment and Training Act programs and monitor the implementation and operation of Comprehensive Employment and Training Act programs to assure that eligible veterans receive special consideration when required; and".

SEC. 603. Section 2006(a) of title 38, United States Code is amended by inserting in the last sentence "each" after "shall".

SEC. 604. Section 2007 of title 38, United States Code, is amended—

(1) by striking out in subsection (a)(1) "his" and inserting in lieu thereof "such veteran's and eligible person's";

(2) by inserting in the second sentence of subsection (c) "and public service employment" after "occupational training"; and

(3) by striking out in the last sentence of subsection (c) "or 2006" and inserting in lieu thereof ", 2006, or 2007(a)".

SEC. 605. Section 2012 of title 38, United States Code, is amended by adding at the end thereof a new subsection (e) as follows:

"(e) The Secretary shall include as part of the annual report required by section 2007(c) of this title the number of complaints filed pursuant to subsection (b) of this section, the actions taken thereon and the resolutions thereof. Such report shall also include the number of contractors listing suitable employment openings, the nature, types, and number of positions listed and the number of veterans receiving priority pursuant to subsection (a)(2) of this section.".

SEC. 606. Chapter 41 of title 38, United States Code, is amended—

(1) by striking out in section 2003 "he" and "his" and inserting in lieu thereof "the Secretary" and "such representative's", respectively; 38 USC 2003.

(2) by striking out in section 2004 "his" and inserting in lieu thereof "such representative's" and by inserting "or eligible persons" after "eligible veterans"; 38 USC 2004.

(3) by striking out in section 2005 "he" and inserting in lieu thereof "the Secretary"; and 38 USC 2005.

(4) by striking out in section 2008 "his" and "him" and inserting in lieu thereof "the Secretary's" and "the Administrator", respectively. 38 USC 2008.

SEC. 607. Chapter 42 of title 38, United States Code, is amended—

(1) by striking out in section 2011(2) "his" and inserting in lieu thereof "the person's"; and 38 USC 2011.

(2) by striking out in the first sentence of section 2012(b) "his" and inserting in lieu thereof "the contractor's". 38 USC 2012.

SEC. 608. Chapter 43 of title 38, United States Code, is amended—

(1) by striking out in section 2021(a)(2)(B) "his" each time it appears and inserting in lieu thereof "the employer's"; 38 USC 2021.

(2) by striking out in section 2021(b)(2) "his" and "he" and inserting in lieu thereof "the person's" and "the person", respectively; and

(3) by striking out in the sixth sentence of section 2024(d) "his" each time it appears and inserting in lieu thereof "such employer's". 38 USC 2054.

TITLE VII—MISCELLANEOUS AND EFFECTIVE DATE

SEC. 701. Section 3101(a) of title 38, United States Code, is amended by adding at the end thereof the following: "For the purposes of this subsection, in any case where a payee of an educational assistance allowance has designated the address of an attorney-in-fact as the payee's address for the purpose of receiving his or her benefit check and has also executed a power of attorney giving the attorney-in-fact authority to negotiate such benefit check, such action shall be deemed to be an assignment and is prohibited.".

SEC. 702. Section 2108(1)(B) of title 5, United States Code, is amended by striking out "after January 31, 1955," and inserting in lieu thereof "any part of which occurred after January 31, 1955, and before the date of the enactment of the Veterans' Education and Employment Assistance Act of 1976,".

Effective date.
38 USC 1504 note.

SEC. 703. (a) Sections 101, 201, 203, 207, 209, 301, 303, 304, 308, 501, 502, 503, and 508 of this Act shall become effective on October 1, 1976.

(b) Sections 102, 104, 202, 204, 205(1), 205(2), 205(3), 208, 210, 211, 302, 305, 306, 309, 310, 506, 510, 511, and 513 (other than paragraphs (7), (8), (9), and (10) of subsection (a)) of this Act shall become effective on the date of the enactment of this Act.

(c) Sections 103, 205(4), 206, 307, 504, 505, 507, 509, 512, and 701 and title VI of this Act shall become effective on December 1, 1976.

Approved October 15, 1976.

LEGISLATIVE HISTORY:

SENATE REPORT No. 94-1243 (Comm. on Veterans' Affairs).
CONGRESSIONAL RECORD, Vol. 122 (1976):
    Oct. 1, considered and passed Senate;
        considered and passed House, amended;
        Senate concurred in House amendment.
WEEKLY COMPILATION OF PRESIDENTIAL DOCUMENTS, Vol 12, No. 43:
    Oct. 15, Presidential statement.

Note.—A change has been made in the slip law format to provide for one-time preparation of copy to be used for publication of both slip laws and the United States Statutes at Large volumes. Comments from users are invited by the Office of the Federal Register, National Archives and Records Service, Washington, D.C. 20408.